

**ST. BERNARD PARISH GOVERNMENT
STATE OF LOUISIANA**

FINANCIAL REPORT

For the Year Ended December 31, 2006

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 11/14/07

**ST. BERNARD PARISH GOVERNMENT
TABLE OF CONTENTS
DECEMBER 31, 2006**

	<u>Page Number</u>
FINANCIAL SECTION	
INDEPENDENT AUDITOR'S REPORT	1
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements:	
Statement of Net Assets	3
Statement of Activities	4
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet.....	6
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	8
Statement of Revenues, Expenditures, and Changes in Fund Balances	9
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	11
Proprietary Funds:	
Statement of Net Assets.....	12
Statement of Revenues, Expenses, and Changes in Fund Net Assets.....	14
Statement of Cash Flows	15
Notes to the Financial Statements	17
REQUIRED SUPPLEMENTARY INFORMATION	
Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:	
General Fund.....	41
Public Works	42
Garbage District No. 1.....	43
Consolidated Fire Protection District No. 1-2.....	44
Library.....	45

**ST. BERNARD PARISH GOVERNMENT
TABLE OF CONTENTS (CONTINUED)
DECEMBER 31, 2006**

Page
Number

FINANCIAL SECTION (CONTINUED)

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

Notes to the Required Supplementary Information	46
---	----

OTHER SUPPLEMENTAL INFORMATION

Nonmajor Governmental Funds:

Fund Descriptions	47
Combining Balance Sheet	52
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	62

Nonmajor Enterprise Funds:

Fund Descriptions	72
Combining Statement of Net Assets	73
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets	74
Combining Statement of Cash Flows	75

Internal Service Funds:

Fund Descriptions	76
Combining Statement of Net Assets	77
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets	78
Combining Statement of Cash Flows	79

Schedule of Council Members Compensation	80
--	----

Schedule of Computation of the Ratio of Net Revenues (Excluding Water and Sewer Districts) to Average Annual Debt Service Requirement of Water and Sewer Revenue Bonds	81
--	----

Wireless Emergency 911 Services (Unaudited)	82
---	----

Schedule of Metered Customers (Unaudited)	83
---	----

**ST. BERNARD PARISH GOVERNMENT
TABLE OF CONTENTS (CONTINUED)
DECEMBER 31, 2006**

**Page
Number**

SINGLE AUDIT SECTION

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	84
Independent Auditor's Report on Compliance with Requirements Applicable to each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	85
Schedule of Expenditures of Federal Awards	86
Notes to Schedule of Expenditures of Federal Awards.....	87
Schedule of Findings and Questioned Costs	88
Summary Schedule of Prior Audit Findings	90
Management's Corrective Action Plan	97

FINANCIAL SECTION

REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS

A PROFESSIONAL CORPORATION

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INDEPENDENT AUDITOR'S REPORT

St. Bernard Parish Council
Chalmette, Louisiana

We were engaged to audit the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the St. Bernard Parish Government, State of Louisiana, as of and for the year ended December 31, 2006, which collectively comprise the basic financial statements of the St. Bernard Parish Government as listed in the table of contents. These financial statements are the responsibility of the St. Bernard Parish Government's management. We were not engaged to audit the financial statements of the discretely presented component units, St. Bernard Parish Home Mortgage Authority and the Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court. The St. Bernard Parish Home Mortgage Authority's financial statements reflect total assets of \$472,468, total net assets of \$470,468, and total business-type activities revenue of \$-0-. The Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court's financial statements reflect total assets of \$278,936, total net assets of \$268,082, and total governmental activities revenues of \$146,260. The St. Bernard Parish Home Mortgage Authority's financial statements were compiled by other auditors whose report thereon was furnished to us, and our opinion, insofar as it relates to the amounts included in St. Bernard Parish's basic financial statements for the St. Bernard Home Mortgage Authority, is based on the report of the other auditors. The Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court's financial statements were audited by other auditors whose report thereon was furnished to us, and our opinion, insofar as it relates to the amounts included in St. Bernard Parish's basic financial statements for the Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court, is based on the report of the other auditors.

The basic accounting and reporting systems for revenues, receivables, disbursements, accounts payable, accrued liabilities, payroll, and fixed assets were not effective during the year ended December 31, 2006 which resulted in inadequate accounting records. Also, sufficient competent evidential matter was either lost or destroyed due to the aftermath of Hurricane Katrina and was not available to document and support the account balances for receivables, payables, revenues, expenditures/expenses and capital asset balances on the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Parish. Certain required disclosures were omitted from the Notes to the Financial Statements as a result of these inadequate records.

We were unable to obtain audit evidence of the activity of the transactions and resulting receivables and payables between funds. As a result, the accuracy and appropriateness of these inter-fund transactions and balances cannot be determined.

We were unable to obtain responses from certain attorneys as they could not be located as a result of displacement due to Hurricane Katrina.

We were unable to obtain written representations from management of the St. Bernard Parish Government as required by auditing standards generally accepted in the United States of America.

As sufficient competent evidential matter was not available to document and support the accompanying financial statements as a result of the issues described above, and we were not able to apply other auditing procedures to satisfy ourselves as to whether the financial statements are presented in accordance with generally accepted accounting principles, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2007, on our consideration of the St. Bernard Parish Government's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

St. Bernard Parish Government has not presented Management's Discussion and Analysis which is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. The Budgetary Comparison information and corresponding notes are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our engagement was conducted for the purpose of forming opinions on the financial statements that collectively comprise the St. Bernard Parish Government's basic financial statements. The combining non-major and internal service fund financial statements, and the supplemental schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements of the St. Bernard Parish Government. As explained in the sixth paragraph of this report, the scope of our work was not sufficient to enable us to express an opinion on the primary government financial statements. Similarly, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the accompanying Schedule of Federal Awards.

The Wireless Emergency 911 Service supplementary information is not a required part of the basic financial statements but is supplementary information required by the Louisiana Legislative Auditor. We were unable to obtain this information for the year ended December 31, 2006 as a result of the aftermath of Hurricane Katrina.

Rebowe & Company

October 29, 2007

BASIC FINANCIAL STATEMENTS

ST. BERNARD PARISH GOVERNMENT
STATEMENT OF NET ASSETS
DECEMBER 31, 2006

	Primary Government			Component Unit	Component Unit
	Governmental Activities	Business-type Activities	Total	Judicial Clerk 34th District	Home Mortgage Authority
ASSETS					
Cash and cash equivalents	\$ 13,742,554	\$ 2,673,696	\$ 16,416,250	\$ 216,733	\$ 472,468
Investments	4,817,332	-	4,817,332	-	-
Receivables (net of allowances for uncollectibles)					
Sales taxes	547,451	-	547,451	-	-
Ad valorem taxes	5,572,601	-	5,572,601	-	-
Beer and tobacco taxes	38,677	-	38,677	-	-
Cable franchise fees	7,628	-	7,628	-	-
Customer	-	583,505	583,505	-	-
Intergovernmental	15,639,293	-	15,639,293	-	-
Other	1,653,775	-	1,653,775	-	-
Unbilled charges	-	1,692,515	1,692,515	-	-
Due from other funds	1,277,999	12,872,242	14,150,241	31,359	-
Prepays	(7,272)	14,622	7,350	-	-
Inventory	-	201,645	201,645	-	-
Deferred special assessments	95,254	-	95,254	-	-
Restricted assets - cash and cash equivalents	-	43,923,195	43,923,195	-	-
Restricted assets - receivables	-	174,565	174,565	-	-
Other assets	2,805	-	2,805	-	-
Capital assets (net of accumulated depreciation)	-	36,002,314	36,002,314	30,844	-
Total assets	43,388,097	98,138,299	141,526,396	278,936	472,468
LIABILITIES					
Accounts payable	3,691,573	313,117	4,004,690	10,854	2,000
Claims payable	2,694,023	872,952	3,566,975	-	-
Retainage payable	13,635	-	13,635	-	-
Salaries and payroll deductions payable	762,075	139,479	901,554	-	-
Payable from restricted assets	-	4,142,855	4,142,855	-	-
Due to other funds	12,983,908	1,091,801	14,075,709	-	-
Deferred revenues	169,443	-	169,443	-	-
Accrued interest payable	-	-	-	-	-
Non-current liabilities:					
Due within one year	-	-	-	-	-
Due in more than one year	-	59,003,132	59,003,132	-	-
Total liabilities	20,314,657	65,563,336	85,877,993	10,854	2,000
NET ASSETS					
Invested in capital assets, net of related debt	-	(24,575,812)	(24,575,812)	30,844	-
Restricted for:					
Debt service	(14,710)	483,636	468,926	-	-
Other purposes	2,565,012	13,709,933	16,274,945	-	-
Unrestricted	20,523,138	42,957,206	63,480,344	237,238	470,468
Total net assets	\$ 23,073,440	\$ 32,574,963	\$ 55,648,403	\$ 268,082	\$ 470,468

The notes to the financial statements are an integral part of this statement.

**ST. BERNARD PARISH GOVERNMENT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2006**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental activities:				
General government:				
Legislative	\$ -	\$ -	\$ 8,957,245	\$ -
Judicial	1,034,326	96,582	-	-
Finance and administration	13,283	-	-	-
Other general government	31,710,165	1,963,660	28,600,762	70,120
Public safety	8,571,976	2,276	101,566	-
Public works	10,080,565	6,592	289,453	1,988,904
Cultural and recreation	2,434,935	(3,750)	135,702	112,143
Health and welfare	1,276,831	206,448	1,781,002	-
Total governmental activities	<u>55,122,081</u>	<u>2,271,808</u>	<u>39,865,730</u>	<u>2,171,167</u>
Business-type activities:				
Water and sewer	7,828,155	2,686,340	210,443	-
Interest on long-term debt	2,808,889	-	-	-
Total business-type activities	<u>10,637,044</u>	<u>2,686,340</u>	<u>210,443</u>	<u>-</u>
Total primary government	<u>\$ 65,759,125</u>	<u>\$ 4,958,148</u>	<u>\$ 40,076,173</u>	<u>\$ 2,171,167</u>
Component units:				
Judicial Clerk of the 34th District	\$ 126,915	\$ 146,260	\$ 119,023	\$ -
Home Mortgage Authority	2,000	-	-	-
Total component units	<u>\$ 128,915</u>	<u>\$ 146,260</u>	<u>\$ 119,023</u>	<u>\$ -</u>

General Revenues:

Taxes:

Property

Sales

Severance

E telephone

Other

Grants and contributions not restricted to specific programs

Investment earnings

Other general revenues

Total general revenues

Net (expense) revenue before transfer

Transfer In (Out)

Change in Net Assets

Net assets - beginning

Net assets - ending

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets				
Primary Government			Component Unit	Component Unit
Governmental Activities	Business-type Activities	Total	Judicial Clerk 34th District	Home Mortgage Authority
\$ 8,957,245	\$ -	\$ 8,957,245	\$ -	\$ -
(937,744)	-	(937,744)	-	-
(13,283)	-	(13,283)	-	-
(1,075,623)	-	(1,075,623)	-	-
(8,468,134)	-	(8,468,134)	-	-
(7,795,616)	-	(7,795,616)	-	-
(2,190,840)	-	(2,190,840)	-	-
710,619	-	710,619	-	-
<u>(10,813,376)</u>	<u>-</u>	<u>(10,813,376)</u>	<u>-</u>	<u>-</u>
-	(4,931,372)	(4,931,372)	-	-
-	(2,808,889)	(2,808,889)	-	-
-	<u>(7,740,261)</u>	<u>(7,740,261)</u>	-	-
<u>\$ (10,813,376)</u>	<u>\$ (7,740,261)</u>	<u>\$ (18,553,637)</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 138,368	\$ -	\$ 138,368	\$ (126,915)	\$ -
(2,000)	-	(2,000)	-	(2,000)
<u>\$ 136,368</u>	<u>\$ -</u>	<u>\$ 136,368</u>	<u>\$ (126,915)</u>	<u>\$ (2,000)</u>
\$ 10,634,224	\$ 931	\$ 10,635,155	\$ -	\$ -
6,192,114	2,605,950	8,798,064	-	-
750,198	-	750,198	-	-
440,687	-	440,687	-	-
212,138	-	212,138	146,260	-
8,082,186	-	8,082,186	-	-
1,041,233	1,146,155	2,187,388	-	3,770
22,207,618	124,072	22,331,690	119,023	-
<u>49,560,398</u>	<u>3,877,108</u>	<u>53,437,506</u>	<u>265,283</u>	<u>3,770</u>
38,883,390	(3,863,153)	35,020,237	-	-
<u>(17,916,435)</u>	<u>(1,428,751)</u>	<u>(19,345,186)</u>	<u>-</u>	<u>-</u>
20,966,955	(5,291,904)	15,675,051	138,368	1,770
<u>45,905,383</u>	<u>31,716,362</u>	<u>77,621,745</u>	<u>129,714</u>	<u>468,698</u>
<u>\$ 66,872,338</u>	<u>\$ 26,424,458</u>	<u>\$ 93,296,796</u>	<u>\$ 268,082</u>	<u>\$ 470,468</u>

**ST. BERNARD PARISH GOVERNMENT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2006**

	<u>General</u>	<u>Public Works</u>	<u>Garbage District No. 1</u>
ASSETS			
Cash and cash equivalents	\$ (3,071,662)	\$ (138,996)	\$ (1,065,779)
Investments	-	-	-
Receivables (net of allowances for uncollectibles)			
Sales taxes	547,451	-	-
Ad valorem taxes	535,138	592,886	592,886
Beer and tobacco taxes	38,677	-	-
Cable franchise fees	7,628	-	-
Intergovernmental	15,092,492	175,223	20,425
Other	-	879,800	(305)
Deferred special assessments	-	-	-
Due from other funds	651,450	294,080	-
Prepays	3,549	2,677	-
Other assets	-	-	-
Total assets	<u>\$ 13,804,723</u>	<u>\$ 1,805,670</u>	<u>\$ (452,773)</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 504,831	\$ 319,109	\$ 946,317
Retainage payable	-	-	-
Salaries and payroll deductions payable	102,181	49,757	21,275
Due to other funds	(4,788)	-	-
Deferred revenues	-	-	-
Total liabilities	<u>602,224</u>	<u>368,866</u>	<u>967,592</u>
Fund balances:			
Reserved for:			
Debt service	-	-	-
Encumbrances	50,587	232,341	2,745
Unreserved, undesignated, reported in:			
General fund	13,151,912	-	-
Special revenue funds	-	1,204,463	(1,423,110)
Debt service funds	-	-	-
Capital projects funds	-	-	-
Total fund balances	<u>13,202,499</u>	<u>1,436,804</u>	<u>(1,420,365)</u>
Total liabilities and fund balances	<u>\$ 13,804,723</u>	<u>\$ 1,805,670</u>	<u>\$ (452,773)</u>

The notes to the financial statements are an integral part of this statement.

<u>Consolidated Fire Protection District No. 1-2</u>	<u>Library</u>	<u>Hurricane Katrina</u>	<u>Hurricane Reconstruction</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ (2,163,677)	\$ 1,139,124	\$ (2,567,327)	\$ 8,606,103	\$ 9,929,706	\$ 10,667,492
-	4,550,000	-	-	-	4,550,000
-	-	-	-	-	547,451
1,468,780	1,028,826	-	-	1,354,085	5,572,601
-	-	-	-	-	38,677
-	-	-	-	-	7,628
19,012	(2)	-	-	332,143	15,639,293
(5,235)	-	423,050	-	356,465	1,653,775
-	-	-	-	95,254	95,254
-	-	287,257	-	(4,788)	1,227,999
896	-	-	-	11,087	18,209
-	-	-	-	2,805	2,805
<u>\$ (680,224)</u>	<u>\$ 6,717,948</u>	<u>\$ (1,857,020)</u>	<u>\$ 8,606,103</u>	<u>\$ 12,076,757</u>	<u>\$ 40,021,184</u>
\$ 47,445	\$ -	\$ 265,074	\$ -	\$ 1,575,927	\$ 3,658,703
-	-	-	-	13,635	13,635
370,009	(575)	-	-	219,428	762,075
-	-	12,133,513	-	858,963	12,987,688
-	-	-	-	169,443	169,443
<u>417,454</u>	<u>(575)</u>	<u>12,398,587</u>	<u>-</u>	<u>2,837,396</u>	<u>17,591,544</u>
-	-	-	-	(14,710)	(14,710)
289,276	-	289,276	-	1,700,787	2,565,012
-	-	-	-	-	13,151,912
(1,386,954)	6,718,523	(14,544,883)	8,606,103	3,837,813	3,011,955
-	-	-	-	903,808	903,808
-	-	-	-	2,811,663	2,811,663
<u>(1,097,678)</u>	<u>6,718,523</u>	<u>(14,255,607)</u>	<u>8,606,103</u>	<u>9,239,361</u>	<u>22,429,640</u>
<u>\$ (680,224)</u>	<u>\$ 6,717,948</u>	<u>\$ (1,857,020)</u>	<u>\$ 8,606,103</u>	<u>\$ 12,076,757</u>	<u>\$ 40,021,184</u>

**ST. BERNARD PARISH GOVERNMENT
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2006**

Total fund balances at December 31, 2006 - Governmental Funds \$ 22,429,640

Amounts reported for governmental activities in the statement of net assets
are different because:

Capital assets used in governmental activities are not financial
resources and, therefore, are not reported in the funds.

Capital assets \$ -

Less accumulated depreciation -

Revenues in the statement of activities that do not provide current
financial resources are not reported as revenues in the funds. -

Long-term liabilities, including bonds payable, are not due and
payable in the current period and, therefore, are not reported
in the governmental funds.

Bonds payable -

Accrued interest payable -

Internal service funds are used by management to charge the
costs of certain activities to individual funds. The assets and
liabilities of the internal service funds are included in the
governmental activities in the statement of net assets. 643,800

Net assets of governmental activities at December 31, 2006 \$ 23,073,440

The notes to the financial statements are an integral part of this statement.

**ST. BERNARD PARISH GOVERNMENT
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>General</u>	<u>Public Works</u>	<u>Garbage District No. 1</u>
REVENUES			
Taxes:			
Ad valorem	\$ 968,514	\$ 1,310,328	\$ 1,310,326
Sales and use	6,192,114	-	-
Other taxes, penalties, interest, etc.	767,592	2,447	2,447
Licenses and permits	501,453	-	-
Intergovernmental:			
Federal grants	29,830,221	39,247	-
State funds:			
Parish transportation funds	-	403,496	-
State revenue sharing (net)	2,280	23,227	23,227
Other	1,129,570	1,779,909	-
Fees, charges, and commissions for services	398,904	4,806	-
Fines and forfeitures	2	-	-
Use of money and property	(27,147)	(14,640)	(34,345)
Special assessments	-	-	-
Public grants	-	-	-
Other revenues	330,594	7,544	-
Total revenues	<u>40,094,097</u>	<u>3,556,364</u>	<u>1,301,655</u>
EXPENDITURES			
Current:			
General government:			
Judicial	-	-	-
Finance and administration	-	-	-
Other general government	8,478,278	-	-
Public safety	-	-	-
Public works	-	4,392,483	5,130,359
Cultural and recreation	-	-	-
Health and welfare	-	-	-
Debt service:			
Principal	-	-	-
Interest and service charges	-	-	-
Capital outlay	177,891	52,049	-
Total expenditures	<u>8,656,169</u>	<u>4,444,532</u>	<u>5,130,359</u>
Excess (deficiency) of revenues over (under) expenditures	<u>31,437,928</u>	<u>(888,168)</u>	<u>(3,828,704)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	1,834,543	1,504,054	2,281,537
Transfers out	(20,660,124)	(144,080)	-
Total other financing sources (uses)	<u>(18,825,581)</u>	<u>1,359,974</u>	<u>2,281,537</u>
Net change in fund balances	12,612,347	471,806	(1,547,167)
Fund balances - beginning	590,152	964,998	126,802
Fund balances - ending	<u>\$ 13,202,499</u>	<u>\$ 1,436,804</u>	<u>\$ (1,420,365)</u>

The notes to the financial statements are an integral part of this statement.

<u>Consolidated Fire Protection District No. 1-2</u>	<u>Library</u>	<u>Hurricane Katrina</u>	<u>Hurricane Reconstruction</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 3,252,737	\$ 763,402	\$ -	\$ -	\$ 3,028,917	\$ 10,634,224
-	-	-	-	-	6,192,114
201,274	-	-	-	300,409	1,274,169
-	-	-	-	199,711	701,164
79,217	-	9,003,987	-	13,556,229	52,508,901
-	-	-	-	418,481	821,977
22,349	74,685	-	-	26,600	172,368
-	21,961	-	-	717,476	3,648,916
555	-	-	-	74,936	479,201
-	-	-	-	195,319	195,321
(161,359)	204,034	-	384,510	642,196	993,249
-	-	-	-	24,658	24,658
-	1,450	-	-	-	1,450
46,368	8,469	-	5,635,242	9,105,845	15,134,062
<u>3,441,141</u>	<u>1,074,001</u>	<u>9,003,987</u>	<u>6,019,752</u>	<u>28,290,777</u>	<u>92,781,774</u>
-	-	-	-	1,034,326	1,034,326
-	-	-	-	13,283	13,283
-	-	9,698,823	-	12,256,701	30,433,802
8,362,209	-	-	-	209,767	8,571,976
-	-	-	-	557,723	10,080,565
-	138,369	-	-	2,296,566	2,434,935
-	-	-	-	1,276,831	1,276,831
-	-	-	-	998,172	998,172
-	-	-	-	479,674	479,674
18,040	1,336	4,252,810	-	1,505,478	6,007,604
<u>8,380,249</u>	<u>139,705</u>	<u>13,951,633</u>	<u>-</u>	<u>20,628,521</u>	<u>61,331,168</u>
<u>(4,939,108)</u>	<u>934,296</u>	<u>(4,947,646)</u>	<u>6,019,752</u>	<u>7,662,256</u>	<u>31,450,606</u>
3,733,750	-	1,668,961	-	1,591,698	12,614,543
2,802	-	(834,745)	-	(8,935,323)	(30,571,470)
<u>3,736,552</u>	<u>-</u>	<u>834,216</u>	<u>-</u>	<u>(7,343,625)</u>	<u>(17,956,927)</u>
(1,202,556)	934,296	(4,113,430)	6,019,752	318,631	13,493,679
104,878	5,784,227	(10,142,177)	2,586,351	8,920,728	8,935,959
<u>\$ (1,097,678)</u>	<u>\$ 6,718,523</u>	<u>\$ (14,255,607)</u>	<u>\$ 8,606,103</u>	<u>\$ 9,239,359</u>	<u>\$ 22,429,638</u>

**ST. BERNARD PARISH GOVERNMENT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2006**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ 13,493,679
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.

-

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

-

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

-

The net revenue of certain activities of internal service funds is reported with governmental activities.

(148,544)

Change in net assets of governmental activities

\$ 13,345,135

The notes to the financial statements are an integral part of this statement.

ST. BERNARD PARISH GOVERNMENT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2006

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water and Sewer Division	Other Enterprise Funds	Total	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,796,332	\$ -	\$ 1,796,332	\$ 3,952,426
Investments	-	-	-	267,332
Customer receivables (net of allowance for doubtful accounts of \$283,060)	583,505	-	583,505	-
Unbilled charges	1,692,515	-	1,692,515	-
Due from other funds	12,876,022	-	12,876,022	46,220
Prepays	23,898	-	23,898	(34,757)
Inventory	201,645	-	201,645	-
Restricted Assets:				
Cash and cash equivalents:				
Revenue bond debt service reserve	144,717	-	144,717	-
Revenue bond debt service account	300,800	-	300,800	-
Capital renewal and replacement and system improvements accounts	844,769	-	844,769	-
Sales tax bond debt service reserve	1,008,843	-	1,008,843	-
Sales tax bond debt service account	36,081,101	-	36,081,101	-
Construction fund	-	-	-	-
Inflow and infiltration	3,878,877	-	3,878,877	-
Other debt service accounts	687,101	336,334	1,023,435	-
Customer meter deposits	640,653	-	640,653	-
Sales tax receivable	-	-	-	-
Interest Receivable	174,565	-	174,565	-
Total restricted assets	43,761,426	336,334	44,097,760	-
Total current assets	60,935,343	336,334	61,271,677	4,231,221
Capital assets (net of accumulated depreciation)	36,002,314	-	36,002,314	-
Total assets	\$ 96,937,657	\$ 336,334	\$ 97,273,991	\$ 4,231,221

(Continued)

ST. BERNARD PARISH GOVERNMENT
STATEMENT OF NET ASSETS (CONTINUED)
PROPRIETARY FUNDS
DECEMBER 31, 2006

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water and Sewer Division	Other Enterprise Funds	Total	
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 308,141	\$ -	\$ 308,141	\$ 37,846
Self insurance claims payable	4,700	-	4,700	3,562,275
Salaries payable	139,479	-	139,479	-
Due to other funds	1,091,801	-	1,091,801	(3,780)
Total current liabilities	<u>1,544,121</u>	<u>-</u>	<u>1,544,121</u>	<u>3,596,341</u>
Current liabilities payable from restricted assets:				
Bonds payable, net of unamortized debt expense	1,574,994	-	1,574,994	-
Accrued vacation leave	112,927	-	112,927	-
Accrued interest payable	596,204	-	596,204	-
Customer deposits	1,457,289	-	1,457,289	-
Inspection deposits	13,300	-	13,300	-
Retainage payable	388,141	-	388,141	-
Total current liabilities payable from restricted assets	<u>4,142,855</u>	<u>-</u>	<u>4,142,855</u>	<u>-</u>
Noncurrent liabilities:				
Bonds payable, net of unamortized debt expense	59,003,132	-	59,003,132	-
Total noncurrent liabilities	<u>59,003,132</u>	<u>-</u>	<u>59,003,132</u>	<u>-</u>
Total liabilities	<u>64,690,108</u>	<u>-</u>	<u>64,690,108</u>	<u>3,596,341</u>
NET ASSETS				
Invested in capital assets, net of related debt	(24,575,812)	-	(24,575,812)	-
Restricted for:				
Capital renewal and replacement and system improvements	9,290,398	-	9,290,398	-
Debt service	147,302	336,334	483,636	-
Inflow and infiltration	125,107	-	125,107	-
Self insurance	-	-	-	634,880
Construction	4,294,428	-	4,294,428	-
Unrestricted	42,966,126	-	42,966,126	-
Total net assets	<u>\$ 32,247,549</u>	<u>\$ 336,334</u>	<u>32,583,883</u>	<u>\$ 634,880</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			-	
Net assets of business-type activities			<u>\$ 32,583,883</u>	

The notes to the financial statements are an integral part of this statement.

ST. BERNARD PARISH GOVERNMENT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water and Sewer Division	Other Enterprise Funds	Total	
OPERATING REVENUES				
Charges for service	\$ 2,686,340	\$ -	\$ 2,686,340	\$ 1,001,577
Other operating revenues	124,072	-	124,072	37,026
Total operating revenues	<u>2,810,412</u>	<u>-</u>	<u>2,810,412</u>	<u>1,038,603</u>
OPERATING EXPENSES				
Personal services and related benefits	2,474,096	-	2,474,096	18,394
Utilities	439,074	-	439,074	-
Contractual services, supplies, and materials	667,818	-	667,818	-
Professional services	1,565,196	-	1,565,196	64,960
Insurance premiums	-	-	-	1,151,487
Insurance and claims expense	350,849	-	350,849	210,435
Other	2,027,364	-	2,027,364	10,834
Total operating expenses	<u>7,524,397</u>	<u>-</u>	<u>7,524,397</u>	<u>1,456,110</u>
Operating loss	<u>(4,713,985)</u>	<u>-</u>	<u>(4,713,985)</u>	<u>(417,507)</u>
NONOPERATING REVENUES (EXPENSES)				
Sales tax	2,605,950	-	2,605,950	-
Ad valorem tax for debt retirement	-	931	931	-
Interest earnings:				
Restricted assets	1,107,793	5,813	1,113,606	-
Current assets	-	-	-	121,765
Interest expense and bank fees	(2,808,889)	-	(2,808,889)	-
Federal grants	210,443	-	210,443	-
Other nonoperating revenues	4,772	-	4,772	-
Deductions from taxes	(125,727)	1,716	(124,011)	-
Total nonoperating revenues (expenses)	<u>994,342</u>	<u>8,460</u>	<u>1,002,802</u>	<u>121,765</u>
Income (loss) before transfers	<u>(3,719,643)</u>	<u>8,460</u>	<u>(3,711,183)</u>	<u>(295,742)</u>
Transfers in	12,011,712	-	12,011,712	5,000
Transfers out	<u>(9,101,133)</u>	<u>-</u>	<u>(9,101,133)</u>	<u>(5,000)</u>
Change in net assets	<u>(809,064)</u>	<u>8,460</u>	<u>(800,604)</u>	<u>(295,742)</u>
Total net assets - beginning	<u>33,056,613</u>	<u>327,874</u>		<u>930,622</u>
Total net assets - ending	<u>\$ 32,247,549</u>	<u>\$ 336,334</u>		<u>\$ 634,880</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			<u>(147,198)</u>	
Change in net assets of business-type activities			<u>\$ (947,802)</u>	

The notes to the financial statements are an integral part of this statement.

**ST. BERNARD PARISH GOVERNMENT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water and Sewer Division	Other Enterprise Funds	Total	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	\$ 6,174,864	\$ -	\$ 6,174,864	\$ 1,032,346
Payments to suppliers	(2,860,605)	-	(2,860,605)	(1,749,539)
Payments to employees	(3,137,746)	-	(3,137,746)	-
Other operating payments	(3,926,110)	-	(3,926,110)	(1,305,671)
Receipts from and payments for interfund services	(8,961,956)	-	(8,961,956)	1,431,730
Net cash provided (used) by operating activities	(12,711,553)	-	(12,711,553)	(591,134)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Receipts from ad valorem taxes - debt retirement	-	2,647	2,647	-
Payments for deductions for taxes	(160,879)	-	(160,879)	-
Receipts from sales tax	3,037,940	-	3,037,940	-
Proceeds from federal grants	57,321	-	57,321	-
Acquisition and construction of capital assets	-	-	-	-
Proceeds from issuance of capital debt	-	-	-	-
Principal paid on capital debt	-	-	-	-
Interest paid on capital debt	(4,056,462)	-	(4,056,462)	-
Net cash provided (used) by capital and related financing activities	(1,122,080)	2,647	(1,119,433)	-
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of investments	-	-	-	47,728
Interest on cash management activities	469,580	5,813	475,393	121,765
Net cash provided by investing activities	469,580	5,813	475,393	169,493
Net increase (decrease) in cash and cash equivalents	(13,364,053)	8,460	(13,355,593)	(421,641)
Cash and cash equivalents - beginning	58,747,246	327,874	59,075,120	4,374,067
Cash and cash equivalents - ending	<u>\$ 45,383,193</u>	<u>\$ 336,334</u>	<u>\$ 45,719,527</u>	<u>\$ 3,952,426</u>

(Continued)

**ST. BERNARD PARISH GOVERNMENT
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Business-type Activities - Enterprise Funds			Governmental Activities Internal Service Fund
	Water and Sewer Division	Other Enterprise Funds	Total	
Classified as:				
Cash and cash equivalents	\$ 1,796,332	\$ -	\$ 1,796,332	\$ 3,952,426
Restricted cash and cash equivalents:				
Revenue bond debt service reserve	144,717	-	144,717	-
Revenue bond debt service account	300,800	-	300,800	-
Capital renewal and replacement and system improvements accounts	844,769	-	844,769	-
Sales tax bond debt service reserve	1,008,843	-	1,008,843	-
Sales tax bond debt service account	36,081,101	-	36,081,101	-
Construction fund	-	-	-	-
Inflow and infiltration	3,878,877	-	3,878,877	-
Other debt service accounts	687,101	336,334	1,023,435	-
Customer meter deposits	640,653	-	640,653	-
Totals	\$ 45,383,193	\$ 336,334	\$ 45,719,527	\$ 3,952,426
Reconciliation of operating loss to net cash used by operating activities:				
Operating loss	\$ (4,713,985)	\$ -	\$ (4,713,985)	\$ (417,507)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:				
Depreciation and amortization	-	-	-	-
(Increase) decrease in receivables	1,183	-	1,183	-
(Increase) decrease in unbilled charges	190,794	-	190,794	-
(Increase) decrease in inventory	-	-	-	-
(Increase) decrease in prepaid expenses	(11,608)	-	(11,608)	111,508
(Increase) decrease in due to (from) other funds	(10,467,956)	-	(10,467,956)	(18,605)
Increase (decrease) in accounts payable and other accruals	2,287,200	-	2,287,200	(266,530)
Increase (decrease) in customer deposits	7,519	-	7,519	-
Decrease in self insurance claims payable	(4,700)	-	(4,700)	-
Total adjustments	(7,997,568)	-	(7,997,568)	(173,627)
Net cash provided (used) by operating activities	<u>\$ (12,711,553)</u>	<u>\$ -</u>	<u>\$ (12,711,553)</u>	<u>\$ (591,134)</u>

The notes to the financial statements are an integral part of this statement.

**ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Parish of St. Bernard is a local governmental subdivision which operates under a home rule charter, under the authority of the Louisiana Revised Statutes 33:1395 through 33:1395.6. The Home Rule Charter provides for a "president-council" form of government which consists of an elected council representing the legislative branch of the government and an elected president heading the executive branch.

The financial statements of St. Bernard Parish have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Parish's accounting policies are described below.

a) Financial Reporting Entity

The St. Bernard Parish Council is the governing authority for St. Bernard Parish. As the governing authority of the Parish, for reporting purposes, the St. Bernard Parish Government is the financial reporting entity for St. Bernard Parish. The financial reporting entity consists of: (1) the primary government (Parish Government), (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, established criteria for determining the governmental reporting entity and which component units should be considered part of the St. Bernard Parish Government for financial reporting purposes. The basic criteria are as follows:

1. Legal status of the potential component unit including the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued, and the right to buy, sell and lease property in its own name.
2. Whether the Parish governing authority appoints a majority of board members of the potential component unit.
3. Fiscal interdependency between the Parish Government and the potential component unit.
4. Imposition of will by the Parish Government on the potential component unit.
5. Financial benefit/burden relationship between the Parish Government and the potential component unit.

Based on the above criteria, the Parish Government has determined that the following component units are part of the reporting entity:

	Fiscal Year <u>End</u>	<u>Criteria Used</u>
St. Bernard Parish Library	December 31	1
St. Bernard Parish Government Department of Public Works Water and Sewer Division and the Districts	December 31	1
St. Bernard Parish Home Mortgage Authority	March 31	1
St. Bernard Parish Economic Development	December 31	2
Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court	December 31	3

The basic financial statements of the Primary Government include all funds and organizations for which the Parish government maintains the accounting records. The organizations for which the Parish government maintains the accounting records are considered part of the primary government and include the Thirty-Fourth Judicial District Criminal Court Fund.

ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Financial Reporting Entity (Continued)

Blended Component Units

The following component units, although legally separate entities, are, in substance, part of the Parish government's operations and accordingly, data from these units are combined with data of the primary government and are reported as blended component units:

St. Bernard Parish Library
St. Bernard Parish Government Department of
Public Works Water and Sewer Division and the Districts
St. Bernard Parish Economic Development

The St. Bernard Parish Water and Sewer Commission was created by an intergovernmental agreement dated November 13, 1985, as ratified, confirmed and approved by Louisiana Revised Statute 33:7802 which became effective July 2, 1986. The statute declared the Commission to be a body politic and political subdivision of the State of Louisiana. It also gave the Commission the power to tax, incur debt, and issue bonds. The powers of the Commission were exercised within the boundaries of St. Bernard Parish. The Commission's major operation was to provide water and sewerage services for the Parish of St. Bernard. The Commission was composed of seven members representing the participating entities and assumed control of operations and began providing services effective with the close of business on December 31, 1985. Prior to that time, such water and sewerage services had been provided by five separate entities: St. Bernard Water District No. 1, St. Bernard Water District No. 2, St. Bernard Sewer District No. 1, St. Bernard Sewer District No. 2, and St. Bernard Sewer District No. 1-2. On December 31, 1985, St. Bernard Sewer District No. 1-2, a contractual entity which had performed sewerage operations for St. Bernard Sewer Districts No. 1 and No. 2, was dissolved. The other water and sewer districts remain in existence and serve primarily as tax levying entities. On November 1, 1996, the St. Bernard Parish Water and Sewer Commission was consolidated and merged into the St. Bernard Parish Government and is now known as the St. Bernard Parish Government Department of Public Works Water and Sewer Division (the "Division"). The Commission was abolished and the Parish Council assumed all rights, revenues, resources, authority, and obligations of the Commission. The water and sewer districts still exist as separate political subdivisions; however, the parish council is the governing authority. Each District retained its rights, revenues, resources, jurisdiction, authority, indebtedness and any other obligations it possessed prior to November 1, 1996, including the authority to continue to levy ad valorem taxes. Because the Parish government is the governing board of the Districts, the Districts are considered to be component units of the St. Bernard Parish Government. The Division consists of two water plants that monitor and maintain 110 sewer lift stations. It also operates four sewerage treatment plants, one sewerage oxidation pond, and two sewerage treatment package plants.

Discretely Presented Component Unit

The component unit columns in the combined basic financial statements include the financial data of the St. Bernard Parish Home Mortgage Authority and the Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court.

The St. Bernard Parish Home Mortgage Authority (the Authority) was created through a Trust Indenture dated May 9, 1979 pursuant to provisions of Chapter 2-A of Title 9 of the Louisiana Revised Statutes of 1950, as amended. The initial legislation and subsequent amendments grant the Authority the power to obtain funds and to use the proceeds to promote the financing and development of any essential program conducted in the public interest within the boundaries of St. Bernard Parish, Louisiana. The Authority's operations consist of two single family mortgage revenue bond programs and one single family mortgage refunding bond program whereby the Authority promoted residential home ownership through the acquisition of mortgage loans secured by first mortgage liens on single family residential housing. The funds for these programs were obtained through the issuance of bonds. As of March 31, 2007, all bonds of the Authority have been defeased or paid off in full. The bonds issued by the Authority are general obligations of the Authority and are not obligations of the State of Louisiana or any other political subdivision thereof. The Authority has a Board of Trustees which are empowered under the bond trust indentures and the bond program agreements to contract with outside parties to conduct the day-to-day operations of the programs it initiates. Under the bond programs, the Authority utilizes financial institutions to originate and service the mortgage loans acquired. In addition, a bank has been

**ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2006**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Financial Reporting Entity (Continued)

Discretely Presented Component Unit (Continued)

designated as Trustee of the separate bond programs and has the fiduciary responsibility for the custodianship and investment of funds. Separate compiled financial reports prepared by Duplantier, Hrapmann, Hogan & Maher, L.L.P. containing additional information that may be required of the Home Mortgage Authority and more detailed information regarding operational results are available from the Parish for the period ended March 31, 2007. The Parish has elected to omit other required disclosure relating to this component unit as it is considered immaterial.

The Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court was established June 1986 by Act No. 47, Subsection A of Section 996.48 of Title 13 of the Louisiana Revised Statutes of 1950 by the Legislature of Louisiana. The Act provides for the collection of fees or costs in addition to all other fees or costs now or hereafter provided by law. The Clerk of Court of the Thirty-Fourth Judicial District Court shall collect from every person filing any type of civil suit or proceeding and who is not otherwise exempted by law from the payment of court costs, a sum to be determined by Judges of said district, sitting en banc, which sum shall not exceed thirty dollars, subject; however, to the provisions of Louisiana Code of Civil Procedure, Article 5181, et seq.; and, in all criminal cases in St. Bernard Parish, there shall be taxed as costs against every defendant who is convicted after trial or after he pleads guilty or who forfeits his bond, a sum likewise determined, but which shall not exceed twenty-five dollars, which shall be in addition to all other fines, costs, or forfeitures lawfully imposed, and which shall be transmitted to the said court for further disposition in accordance herewith. The Judges, en banc, may appoint such law clerks, secretarial, clerical, research, administrative, or other personnel as they deem necessary to expedite the business and function of the court and fix and pay all or any part of the salaries or reasonable expenses of such personnel out of the moneys in the District Court. In like manner, the Judges, en banc, may utilize the moneys in the District Court to pay all or any part of the cost of establishing or maintaining a law library for the court or for buying, leasing, or maintaining any type of equipment, supplies, or other items consistent with or germane to the efficient operation of the court, or to pay for actual expenses incurred, including travel, lodging, tuition, and fees, by any judge or clerk in attending any seminar or conference germane to the proper operation of the court.

Separate audited financial reports prepared by Dumin & James, CPAs containing additional information that may be required of the Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court and more detailed information regarding operational results are available from the Parish for the year ended December 31, 2006. The Parish has elected to omit other required disclosure relating to this component unit as it is considered immaterial.

Related Organizations

Considered in the determination of component units of the reporting entity were the Parish School Board, the Parish Assessor's Office, the Parish Clerk of Court, the Indigent Defender Board, the Parish Sheriff's Office, and the Council on Aging. It was determined that these governmental entities are not component units of the Parish government reporting entity because they have separately elected governing bodies, are legally separate, and are fiscally independent of the Parish government.

b) Basis of Presentation

The Parish government's basic financial statements consist of the government-wide statements on all of the non-fiduciary activities of the primary government and its component unit and the fund financial statements (individual major fund and combined nonmajor fund). Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide financial statements and the proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Governments also have the option of

ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Basis of Presentation (Continued)

following subsequent private-sector guidance for the business-type activities and enterprise funds, subject to the same limitation. The Parish government has elected not to follow subsequent private-sector guidance.

GOVERNMENT-WIDE FINANCIAL STATEMENTS:

The government-wide financial statements include the statement of net assets and the statement of activities for all non-fiduciary activities of the primary government and its component unit. As a general rule, the effect of interfund activity has been removed from these statements. *Governmental activities* represent programs which normally are supported by taxes and intergovernmental revenues. *Business-Type activities* are financed in whole or in part by fees charged to external parties for goods and services.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect costs are not allocated by function for financial reporting in this statement; however, certain indirect costs which can be specifically identified by function or segment, are included in the direct expenses of that function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

FUND FINANCIAL STATEMENTS:

The fund financial statements are very similar to the traditional government fund statements as presented by governments prior to the issuance of GASB Statement No. 34. Emphasis is now on the major funds in either the governmental or business-type categories. Nonmajor funds (by category) or fund type are summarized into a single column.

The daily accounts and operations of the Parish government continue to be organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with separate a set of self-balancing accounts that comprise its assets, liabilities, equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds of the primary government are grouped into generic fund types and three broad fund categories as follows:

Governmental Activities Presented as Governmental Funds in the Fund Financial Statements:

General Fund - The General Fund is the principal fund of the Parish government and is used to account for all activities of the Parish government except those required to be accounted for in other funds. The General Fund is always a major fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources which by law are designated to finance particular functions or activities of the Parish government. The four special revenue funds reported as major funds in the fund financial statements are as follows:

The Public Works Fund is used to account for the operations and maintenance of all parish infrastructure (roads, bridges, right of ways, neutral grounds, including ditches and drainage, and operation of the mosquito control program). Revenues of this fund are substantially derived from the Parish Transportation Fund, Parish Road Royalty Fund, and a Parish ad valorem tax.

ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Basis of Presentation (Continued)

FUND FINANCIAL STATEMENTS (Continued):

The *Consolidated Fire Protection District No. 1-2 Fund* is used to account for the maintenance and operations of the fire protection facilities. Revenues are derived from ad valorem taxes, state revenue sharing, and 2% of the State of Louisiana distribution of fire insurance premium taxes.

The *Library Fund* is used to account for the operations and maintenance of the Parish library. Revenues are derived from ad valorem taxes, state revenue sharing, other state grants and interest.

The *Hurricane Katrina Fund* is used to account for monies received to reconstruct the Parish due to Hurricane Katrina.

Debt Service Funds - Debt Service Funds are established to meet requirements of bond ordinances and to account for the accumulation of resources for, and payment of, long-term debt principal, interest, and related costs. There are no debt service funds that are major funds.

Capital Projects Funds - Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those projects financed by the proprietary fund). In addition, the funds are used to account for major street repairs and the acquisition of movable fixed assets. The capital projects fund reported as a major fund in the fund financial statements is as follows:

The *Hurricane Reconstruction Fund* is used to account for monies received to reconstruct the Parish due to Hurricane Katrina.

Proprietary Funds:

Enterprise Funds - Enterprise funds are used to account for operations: (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. Enterprise funds are presented in the business-type activities column in the government-wide financial statements and the major funds section of the basic financial statements. The enterprise fund reported as a major fund in the fund financial statements are as follows:

The *Water and Sewer Division Fund* is used to account for the water and sewerage operation of the Parish and the Districts. Revenues are derived from user fees and a 1/2% sales tax.

Internal Service Funds - The internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies within the same government or to other governments or not-for-profit associations on a cost reimbursement basis. The internal service fund totals are presented as a part of the proprietary fund financial statements. The financial statements of the internal service funds are allocated to the governmental activities and business-type activities columns when presented at the government-wide level. To the extent possible, the costs of these services are reflected in the appropriate functional activity.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expense, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Basis of Accounting and Measurement Focus

GOVERNMENT-WIDE FINANCIAL STATEMENTS:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Ad valorem taxes and the related state revenue sharing (which are based on population and homesteads in the Parish) are recognized as revenues in the year for which they are levied. Federal and state grants and similar items are recognized as revenue when all eligibility requirements imposed by the provider have been met.

FUND FINANCIAL STATEMENTS:

All governmental funds are reported using the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Governmental funds are maintained on the modified accrual basis of accounting. Governmental fund revenues are recognized when susceptible to accrual (when they become both measurable and available).

"Measurable" means the amount of the transaction can be determined and "available" means the resources will be collectible within the current period or soon enough thereafter to be used to pay the liabilities of the current period. Charges for services, fines and forfeitures, and most governmental miscellaneous revenues, including investment earnings are recorded as earned since they are measurable and available. Nonexchange transactions, in which the Parish government receives value without directly giving value in return, include sales and use tax, property tax, special assessments, and grants. Property taxes are considered measurable in the calendar year of the tax levy if collected soon enough to meet availability criteria. Sales and use taxes are considered "measurable" when the underlying transaction occurs and meets the availability criteria. Special assessments are recognized as revenues only to the extent that individual installments are considered assets in the governmental fund types. Revenue from grants is recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met.

Expenditures are recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for principal and interest on general long-term debt, which is not recognized until due. Allocations of costs such as depreciation and amortization are not recognized in the governmental funds.

All proprietary funds are accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund-type operating statements present increases (revenues) and decreases (expenses) in net total assets. Proprietary funds are maintained on the accrual basis of accounting wherein revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recognized in the period incurred, if measurable.

d) Budgetary Accounting

The St. Bernard Parish Government adopted annual budgets for the General Fund, all Special Revenue Funds except for the Hurricane Katrina Fund, Capital Project Funds, Debt Service Funds, and the Enterprise Funds. Budgets for the general fund and all major special revenue funds except for the Hurricane Katrina Fund are included in the financial statements. The budgets are prepared on the modified accrual basis of accounting. Budgets for the Nonmajor Special Revenue Funds, Capital Project Funds, Debt Service Funds, and Enterprise Funds are used as a management tool only and are not included in the financial statements. All appropriations except an appropriation for a capital expenditure will

ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Budgetary Accounting (Continued)

lapse at year end to the extent that they have not been expended or encumbered. The Parish President is authorized to transfer amounts between line items within any fund. Budget amounts included in basic financial statements include the original adopted budget and all subsequent revisions.

e) Assets, Liabilities, and Fund Equity

CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash of the primary government includes regular and money market accounts, payroll cash account, petty cash, cash for all sinking funds and debt service reserve funds on all Parish revenue, general obligation and sales tax revenue bonds, and each individual fund's share of the consolidated cash account.

A single consolidated bank account has been established in a local bank into which monies are deposited and from which most disbursements are made. The purpose of this consolidation is to reduce administrative costs and provide a single cash balance available for the maximization of investment earnings. Each fund shares in the investment earnings according to its average cash balance, prorated between funds.

Cash equivalents consist of certificates of deposit having maturities less than or equal to one year.

For purposes of the Statement of Cash Flows, cash includes amounts in petty cash, demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in certificates of deposit with maturities less than or equal to one year.

Investments are reported at fair value except for: (1) certificates of deposits having maturities greater than one year and (2) the Louisiana Asset Management Pool (LAMP) investment, which is a local government investment pool administered by a non-profit corporation organized under State of Louisiana law, which is permitted to be carried at amortized cost.

Securities traded on a national exchange are valued at the last reported sales price at current exchange rates.

RESTRICTED ASSETS

Certain proceeds of the Water and Sewer Division's revenue bonds, and sales tax bonds as well as certain resources set aside for their repayment, are classified as restricted assets on the Statement of Net Assets because their use is limited by applicable bond covenants.

ACCOUNTS RECEIVABLE

Major accounts receivable are recorded for: (1) sales and use taxes; (2) ad valorem taxes; (3) road royalty; and (4) customer and unbilled receivables in the Water and Sewer Enterprise Fund. Accounts receivable are reported net of an allowance for uncollectibles. The allowances are based on management's best estimate of uncollectible amounts.

INVENTORIES AND PREPAID ITEMS

The Water and Sewer Division Enterprise Fund maintains an inventory of parts and expendable supplies that is valued at the lower of cost or market. The inventory is recognized as an expense when consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Assets, Liabilities, and Fund Equity (Continued)

INTERFUND RECEIVABLES AND PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are reported as "due to/from other funds." Inter-fund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

CAPITAL ASSETS

Capital assets, which include land and land improvements, buildings, equipment, and infrastructure assets (streets, roads, bridges, canals, and sewer and drainage systems) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Capitalization thresholds are defined by the Parish as assets with an initial individual cost of more than \$5,000. All assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add value to the asset or materially extend its useful life are not capitalized. Major outlays for capital assets and improvements are capitalized at completion of construction projects. Interest incurred during the construction phase of capital assets and improvements of business-type activities is capitalized.

In the fund financial statements, capital assets used in governmental activities are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital outlay is included in some cases in the functional expense categories instead of as capital outlay expense.

Depreciation on all capital assets, excluding land and land improvements and construction in progress, is calculated on the straight-line method over the following estimated useful lives:

<u>Type of Capital Assets</u>	<u>No. of Years</u>
Buildings and improvements	7-40
Furniture, fixtures, and equipment	5-10
Machinery and equipment	5-20
Bridges	40
Water and sewerage systems	25
Canals	30-50
Road system	20-50

DEFERRED REVENUES

Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. Deferred revenues also arise when resources are received by the Parish before it has a legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when the Parish has a legal claim to the resources, the liability for deferred revenue is removed and revenue is recognized.

LIABILITY FOR CLAIMS AND JUDGMENTS

The Insurance Fund was established to account for the self-insurance of workman's compensation, unemployment compensation, general, and automobile liability by the Parish government. The Parish government is self-insured for claims up to \$250,000 per occurrence.

ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Assets, Liabilities, and Fund Equity (Continued)

LIABILITY FOR CLAIMS AND JUDGMENTS (Continued)

The Parish government has an insurance policy for claims between \$250,000 and \$5,000,000 per occurrence. Two independent insurance service companies administer the fund.

The estimated claims liability related to prior years' workers compensation claims are computed by subtracting paid claims from the reserves previously set up to arrive at remaining reserves and then developing that number based on factors determined by the third party administrator using historical data. The estimated claims liability related to prior years' general liability and auto claims was estimated by the parish government's legal department based on a claim by claim evaluation to determine the potential loss. Estimated claims liability related to the current year's general liability, auto and workers compensation was determined by using the average annual claims expense incurred for each type of coverage based on the fund's history.

An annual analysis of all open policy years for workers compensation and automobile and general liability is completed by the risk manager and legal council to determine the exposure in each policy year. When it is determined that losses on outstanding and current claims can be reasonably estimated, an evaluation on the policy year is performed. The evaluation determines if a dividend can be declared by the self insurance fund for that policy year. Once it is determined that a dividend can be declared, the findings are reviewed by the administration and presented before the Parish Council. The Parish Council then must pass an ordinance declaring a dividend from the self insurance fund and dedicating the dividend to a project. There were no dividends paid for the year ended December 31, 2006.

LONG-TERM DEBT

In the government-wide statement of net assets and in the proprietary fund types' financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental or business-type activities. Bond premiums, discounts, and issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount and issuance costs.

In the fund financial statements, governmental fund types recognize bond premiums, discounts and issuance costs, during the current financial period. The face amount of the debt is reported as "other financing sources." Premiums received on debt issuances are reported as "other financing sources" and discounts on debt issuance are reported as "other financing uses." Issuance costs, whether or not withheld from actual debt proceeds received, are reported as debt service expenditures.

Governmental Activities

Unamortized debt expense of the governmental funds is comprised of costs associated with the 2002 Certificates of Indebtedness, Versailles Industrial Park Project special assessments, 1996 Public Improvement Bonds, 1997 General Obligation Bonds, and the 2003 Sales Tax Bond issues. The cost of issuance on the 2002 Certificates of Indebtedness of \$7,846 is amortized using the straight-line method over the 5-year life of the bond. The cost of issuance on the Versailles Industrial Park Project special assessments of \$20,000 is amortized using the straight-line method over the 9-year life of the bond. The cost of issuance on the 1996 Public Improvement Bonds of \$35,309 is amortized using the straight-line method over the 10-year life of the bond. The cost of issuance on the 1997 General Obligation Bonds of \$6,166 is amortized using the straight-line method over the 13-year life of the bond. The cost of issuance on the 2003 Sales Tax Bond of \$57,948 is amortized using the straight-line method over the 22-year life of the bond. Total amortization expense for the year ended December 31, 2006 was \$-0-.

Business-type Activities

Unamortized debt expense of the Division is comprised of costs associated with the 1994 and 2001 Revenue Bond Issues and the 1999 and 2004 Sales Tax Bond Issues. The cost of issuance on the 1994 Revenue Bond Issue of

**ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2006**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Assets, Liabilities, and Fund Equity (Continued)

LONG-TERM DEBT (CONTINUED)

Business-type Activities (Continued)

\$266,655 was amortized using the straight-line method over the 12.3-year life of the bond until it was refunded in August 2004. The remaining unamortized costs of \$43,241 on the 1994 Revenue Bond Issue were deferred and amortized using the straight-line method over the 2 year remaining life of bonds. The cost of issuance on the 2001 Revenue Bond Issue of \$14,575 is amortized using the straight-line method over the 10-year life of the bond. The cost of the issuance on the 1999 Sales Tax Bond Issue of \$72,701 is amortized using the straight-line method over the 20-year life of the bond. The cost of the issuance on the 2004 Sales Tax Bond Issue of \$601,585 is amortized using the straight-line method over the 20-year life of the bond. Unamortized debt expense of Sewer District No. 2 is comprised of costs associated with the 1991 General Obligation Refunding Bond Issue. The cost of issuance on the 1991 General Obligation Bond Issue of \$147,300 is amortized using the straight-line method over the 13.5-year life of the bond. The bond premium on the 2004 Sales Tax Bonds of \$1,473,837 is amortized using the straight-line method over the 20-year life of the bond. Total amortization expense for the year ended December 31, 2006 was \$-0-.

COMPENSATED ABSENCES

Substantially all employees of the Parish government earn from 10 to 20 days of annual leave each year depending on length of service. Annual leave accumulated in one year must be used by December 31 of the following year. Accumulated annual leave may be used only after 26 weeks of service. Substantially all employees of the Parish government accrue one day of sick leave for each month of continuous employment. Sick leave may be accumulated to a maximum of 90 days. All accumulated sick leave lapses upon termination or retirement except as noted below.

The only leave benefits which require accrual under generally accepted accounting principles are for the Parish government fire department and employees of the St. Bernard Parish Government Department of Public Works Water and Sewer Division.

Fire department employees may be paid out for their accrued vacation upon retirement or termination. Reimbursement of annual leave accrual is limited to 1,200 hours. Firefighters can get paid up to 1/3 of their accumulated sick pay upon termination. According to L.R.S. 33:1995, firemen employed by the Parish government are entitled to full pay during sickness or incapacity not brought about by the fireman's own negligence for a period of fifty-two weeks. At December 31, 2006, the accrued vacation was \$1,884 for governmental activities.

Employees of the St. Bernard Parish Government Department of Public Works Water and Sewer Division earn two to five weeks of paid vacation each year, up to 90 days will be paid in cash at retirement or termination if proper notice is given. If proper notice is not given, up to 10 days may be subtracted from their accumulated vacation and the remainder is paid. Employees earn 12 days of sick leave each year, which may accumulate to a maximum of 90 days. At December 31, 2006, the accrued vacation was \$112,927 for business-type activities.

In the government-wide financial statements and the proprietary fund types fund statements, the total compensated absences liability is recorded as an expense and a long-term obligation and allocated on a functional basis.

RESTRICTIONS AND DESIGNATIONS OF NET ASSETS

Some portions of fund balance in the governmental and business fund types are restricted to indicate that a portion of equity is legally restricted to a specific future use and is not available for appropriation or expenditure. Designated portions of fund balance indicate tentative plans for future use of financial resources.

ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Assets, Liabilities, and Fund Equity (Continued)

NET ASSETS

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use by external parties such as creditors, grantors, contributors, laws or regulations of other governments. All other net assets that do not meet the definition of "invested in capital assets, net of related debt" or "restricted" are reported as unrestricted.

When both restricted and unrestricted resources are available for use, it is the Parish's policy to use restricted resources first, then unrestricted resources as they are needed.

ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions. Those estimates affect the reported amounts of assets and liabilities and disclosure of assets and liabilities at the date of the financial statements. They may also affect the reported amounts of revenues and expenses of the proprietary funds and the government-wide financial statements during the reporting period. Actual results could differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

a) Budgets

The procedures used by the Parish in establishing the budgetary data reflected in the financial statements are as follows:

At least ninety (90) days before the beginning of each fiscal year, the Parish President submits a balanced consolidated line item operating and capital budget on a modified accrual basis of accounting in accordance with the Louisiana Local Government Budget Act and in a format established by the Parish. The Parish President submits, with the budget, a budget message containing recommendations concerning the fiscal policy of the Parish, a description of the important factors of the budget, and an explanation of all major increases or decreases of budget recommendations as compared with expenditures of prior years. The Parish Council publishes the proposed budget in the official journal at least ten (10) calendar days before the meeting at which the budget is to be adopted. The Council may amend the budget before adoption, except that in no event shall the Council cause the total proposed expenditures to exceed means of financing. If the Council fails to act on the budget within the time limit provided, it shall be adopted as submitted by the Parish President. The budget constitutes an appropriation of funds for all purposes contained therein. The budget ordinance becomes effective on the first day of the fiscal year unless otherwise provided therein.

If during the fiscal year the Parish President certifies that there are available revenues in excess of those estimated in the budget, he shall present a supplemental budget for the disposition of such revenues to the Council. The Council by ordinance may make supplemental appropriations up to the amount of the excess. To meet a public emergency affecting life, health, property, or the public peace, the Council may make emergency appropriations. The appropriations may be made by emergency ordinance in accordance with the provisions of Article II, Section 2 - 14 of the Home Rule Charter. To the extent that there are no available unappropriated revenues, the governing authority may borrow money to meet the emergency. The repayment shall be a fixed charge upon the revenue of the following year and shall be included in the operating budget for that year. If during the fiscal year it appears that revenues available will be insufficient to meet the amount appropriated, the Parish President shall indicate the estimated amount of the deficit and recommend to the Council steps to be taken. The council shall take action as it deems necessary to prevent any deficit.

ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2006

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS

The St. Bernard Parish Government maintains a consolidated cash pool that is available for use by all funds. Each fund type's portion of the consolidated cash pool is displayed on the Statement of Net Assets as "cash". Cash overdrafts within the individual funds amounted to \$14,051,751 at December 31, 2006. Management has elected to omit the information required by Governmental Accounting Standards Board ("GASB") Statement No. 40, *Deposit and Investment Risk Disclosures* as information is not available due to the aftermath of Hurricane Katrina.

State statutes authorize the parish government to invest in obligations of the U.S. Treasury, agencies, and instrumentalities; commercial paper rated AAA 1, 2, or 3; repurchase agreements; and the Louisiana Asset Management Pool (LAMP).

NOTE 4- SALES TAX

St. Bernard Parish has a 5% sales and use tax. 2 ½% is dedicated to the Parish government, 2% is dedicated to the St. Bernard Parish School Board, and ½% is dedicated to the St. Bernard Parish Sheriff. The St. Bernard Parish Sheriff is authorized to collect and remit this tax to the Parish government and School Board for a stipulated fee. The Parish government's sales tax ordinances provide that the proceeds can be used for the general governmental operations of the parish. The sales tax receipts are included in the revenues of the General Fund.

On November 2, 1998, the Citizens of St. Bernard Parish, by a special election, approved a ½% sales tax, commencing January 1, 1999. The proceeds for this tax are dedicated for improvements to the sewer and water system of the Division, including authority to fund bonds with the tax, provided that at least 25% of the annual revenues of the sales tax must be expended to correct inflow and infiltration in sewerage collection lines, or to repair damages caused thereby, unless required for debt service on bonds or otherwise approved by at least two-thirds of the Council.

NOTE 5- AD VALOREM TAX

The Parish has elected to omit information relating to ad valorem tax due to the aftermath of Hurricane Katrina.

NOTE 6 - ALLOWANCE FOR UNCOLLECTIBLES

The allowance for estimated uncollectible receivables is based on historical collection experience and other relevant circumstances. The allowance for estimated uncollectibles of the primary government consists of the following:

Governmental funds:	
General Fund	\$ 61,510
Public Works	68,148
Garbage District No. 1	68,148
Consolidated Fire Protection District No. 1-2	168,825
Library	32,578
Non-major governmental funds	448,860
Business-type funds:	
Water and Sewer Division	283,060
Nonmajor business-type funds	-
Total allowance for uncollectibles	<u>\$ 851,796</u>

ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2006

NOTE 7 - CAPITAL ASSETS

Capital asset activity of the primary government for the year ended December 31, 2006, was as follows:

	<u>12/31/2005</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/2006</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 5,300,089	\$ -	\$ -	\$ 5,300,089
Construction in progress	<u>819,598</u>	<u>-</u>	<u>-</u>	<u>819,598</u>
Total capital assets not being depreciated	<u>6,119,687</u>	<u>-</u>	<u>-</u>	<u>6,119,687</u>
Capital assets being depreciated:				
Land improvements	12,791	-	-	12,791
Buildings and building improvements	28,230,689	-	-	28,230,689
Furniture, fixtures, and equipment	2,724,176	-	-	2,724,176
Machinery and equipment	9,501,343	-	-	9,501,343
Road system	60,206,922	-	-	60,206,922
Bridges	<u>1,583,445</u>	<u>-</u>	<u>-</u>	<u>1,583,445</u>
Total capital assets being depreciated	<u>102,259,366</u>	<u>-</u>	<u>-</u>	<u>102,259,366</u>
Less accumulated depreciation	<u>62,621,792</u>	<u>-</u>	<u>-</u>	<u>62,621,792</u>
Total capital assets being depreciated, net	<u>39,637,574</u>	<u>-</u>	<u>-</u>	<u>39,637,574</u>
Total governmental activities capital assets, net	<u>\$ 45,757,261</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,757,261</u>
Business-type Activities:				
Capital assets not being depreciated:				
Land	\$ 177,286	\$ -	\$ -	\$ 177,286
Construction in progress	<u>7,595,035</u>	<u>-</u>	<u>-</u>	<u>7,595,035</u>
Total capital assets not being depreciated	<u>7,772,321</u>	<u>-</u>	<u>-</u>	<u>7,772,321</u>
Capital assets being depreciated:				
Buildings	61,433,091	-	-	61,433,091
Furniture, fixtures, and equipment	149,034	-	-	149,034
Machinery and equipment	1,394,063	-	-	1,394,063
Pipeline system	<u>57,909,875</u>	<u>-</u>	<u>-</u>	<u>57,909,875</u>
Total capital assets being depreciated	<u>120,886,063</u>	<u>-</u>	<u>-</u>	<u>120,886,063</u>
Less accumulated depreciation	<u>92,656,070</u>	<u>-</u>	<u>-</u>	<u>92,656,070</u>
Total capital assets being depreciated, net	<u>28,229,993</u>	<u>-</u>	<u>-</u>	<u>28,229,993</u>
Total business-type activities capital assets, net	<u>\$ 36,002,314</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,002,314</u>

Sufficient competent evidential matter was either lost or destroyed due to the aftermath of Hurricane Katrina and was not available to document and support account balances for capital assets.

ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2006

NOTE 8 - LONG-TERM DEBT

Primary Government

1) Summary of Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the primary government for year ended December 31, 2006:

	<u>Balance 1/1/2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>Premium/ (Discount)</u>	<u>Balance 12/31/2006</u>	<u>Due Within One Year</u>
Governmental Activities						
Certificates of indebtedness	\$ 210,000	\$ -	\$ (105,000)	\$ -	\$ 105,000	\$ 105,000
Sales tax bonds	5,515,000	-	(570,000)	-	4,945,000	220,000
General obligation bonds	1,565,000	-	(285,000)	-	1,280,000	295,000
Special assessment	<u>38,173</u>	<u>-</u>	<u>(38,173)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total per fund financials	7,328,173	-	(998,173)	-	6,330,000	620,000
Less: deferred issuance costs	<u>(81,847)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(81,847)</u>	<u>-</u>
Total bonds payable, net of deferred issuance costs	7,246,326	-	-	-	6,248,153	620,000
Compensated absences	<u>964,213</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>964,213</u>	<u>-</u>
Total governmental activities	<u>\$ 8,210,539</u>	<u>\$ -</u>	<u>\$ (998,173)</u>	<u>\$ -</u>	<u>\$ 7,212,366</u>	<u>\$ 620,000</u>
Business-type Activities						
Revenue bonds	\$ 665,000	\$ -	\$ (75,000)	\$ -	\$ 590,000	\$ 110,000
Sales tax bonds	58,338,132	-	(1,760,000)	-	56,578,132	2,210,000
General obligation bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total bonds payable	59,003,132	-	(1,835,000)	-	57,168,132	2,320,000
Less: deferred issuance costs	<u>(688,920)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(688,920)</u>	<u>-</u>
Total bonds payable, net of deferred issuance costs	58,314,212	-	(1,835,000)	-	56,479,212	2,320,000
Compensated absences	<u>112,927</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>112,927</u>	<u>-</u>
Total business-type activities	<u>\$ 58,427,139</u>	<u>\$ -</u>	<u>\$ (1,835,000)</u>	<u>\$ -</u>	<u>\$ 56,592,139</u>	<u>\$ 2,320,000</u>

ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2006

NOTE 8 - LONG-TERM DEBT (CONTINUED)

Primary Government (Continued)

2) Schedule of Certificates of Indebtedness, Bonds Payable, and Special Assessment

The following is a schedule of certificates of indebtedness, bonds payable and special assessment for the primary government at December 31, 2006:

	Interest Rate	Issue Date	Final Maturity Date	Original Issue	Outstanding
Governmental Activities:					
2002 Certificates of indebtedness	3.98	06/03/2002	06/01/2007	\$ 500,000	\$ 105,000
2003 Sales tax bonds	3.38-4.65	01/01/2003	03/01/2022	6,970,000	4,945,000
2005 General obligation bonds	2.70	08/09/2005	02/01/2010	1,565,000	1,280,000
Special assessment: Versailles Industrial Park	5.23	10/24/1997	10/01/2006	381,721	-
Total governmental activities				9,416,721	6,330,000
Business-type Activities:					
<u>Revenue bonds</u>					
Water and Sewer Division:					
2001 Revenue bonds	4.89	07/31/2001	08/01/2011	950,000	590,000
<u>Sales tax bonds</u>					
Water and Sewer Division:					
1999 Sales tax bonds	5.35	12/01/1999	12/01/2019	9,950,000	7,640,000
2004 Sales tax bonds	4.55	08/01/2004	03/01/2024	50,000,000	47,495,000
Total sales tax bonds				59,950,000	55,135,000
Total business-type activities				60,900,000	55,725,000
Total all certificates, bonds and special assessments				\$ 70,316,721	\$ 62,055,000

3) Debt Service Requirements to Maturity

The annual requirements to amortize all bonds, special assessments and/or certificates outstanding are as follows:

Year Ending December 31,	Principal	Interest	Total
2007	\$ 2,940,000	\$ 2,921,234	\$ 5,861,234
2008	2,960,000	2,785,030	5,745,030
2009	3,100,000	2,653,251	5,753,251
2010	3,245,000	2,524,446	5,769,446
2011-2015	16,040,000	10,490,368	26,530,368
2016-2020	19,070,000	6,120,621	25,190,621
2021-2024	14,700,000	1,463,709	16,163,709
Total	\$ 62,055,000	\$ 28,958,659	\$ 91,013,659

ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2006

NOTE 8 - LONG-TERM DEBT (CONTINUED)

Primary Government (Continued)

4) Governmental Funds

On June 30, 2002 the 2002 Certificates of Indebtedness Bonds were issued for the purpose of constructing the St. Bernard Parish 911 Center. The interest rate on the bonds is 3.98% and the bonds mature on June 1, 2007 with payments due in annual principal installments from \$95,000 to \$105,000. The balance outstanding at December 31, 2006 was \$105,000.

On January 1, 2003 the 2003 Sales Tax Bonds were issued for the purpose of refunding the 1996 Public Improvement Bonds and making capital improvements. The interest rate on the bonds is 3.38-4.65% and the bonds mature on March 1, 2022 with payments due in annual principal installments from \$220,000 to \$570,000. The balance outstanding at December 31, 2006 was \$4,945,000.

On December 1, 1997 the 1997 General Obligation Bonds were issued for the purpose of refunding the 1990 General Obligation Bonds. The interest rate on the bonds is 4.75% and the bonds mature on February 1, 2010 with payments due in annual principal installments from \$95,000 to \$540,000. The balance outstanding at December 31, 2006 was \$1,280,000.

On October 24, 1997 the 2002 Certificates of Indebtedness Bonds were issued for the purpose of financing public improvements deemed to benefit the properties against which the costs are assessed. The costs of the project are estimated and property owners are assessed their proportionate share. The property owner either pays the assessment within 60 days or over a 10-year period. Interest is charged on the unpaid assessments at the rate of 6.25%. The interest rate on the bonds is 5.23% and the bonds mature on October 1, 2006 with payments due in annual principal installments of \$38,172. The balance outstanding at December 31, 2006 was \$-0-.

5) Proprietary Fund Revenue Bonds

On April 1, 1994, \$7,195,000 of the 1986 Revenue Bonds was defeased. As a result of the defeasance, \$7,950,000 of Series 1994 Revenue Refunding Bonds was issued in 1994. The interest rate on the new bonds ranges from 4.65% to 5.2%, and the bonds mature on August 1, 2006 with debt service payments due in annual principal installments from \$735,000 to \$940,000. On August 1, 2004, \$1,835,000 of the 1994 Revenue Bonds was defeased.

On July 31, 2001, \$915,000 of the 1991 Revenue Bonds was defeased. As a result of the defeasance, \$950,000 of 2001 Revenue Refunding Bonds was issued with an interest rate of 4.89%. Annual principal installments range from \$65,000 to \$130,000 and the bonds mature on August 1, 2011. The balance outstanding at December 31, 2006 was \$590,000.

The bonds are payable solely from and secured by a first lien upon and a pledge of the net revenues of the system. The revenues pledged by the Water and Sewer Division include all fees, rents, charges, and other income derived, or to be derived by or for the account of the Division from, or for, the ownership, operation, use, or services of the system and any other amounts paid into and credited to the revenue fund created by the 1991 and 1994 revenue bond resolutions.

Such revenues include, but are not limited to, proceeds of any ad valorem taxes received by the Division pursuant to the terms of the intergovernmental agreement. Such revenues exclude (a) federal, state, or local government monies received for capital improvements to the system and (b) amounts necessary to pay the reasonable and necessary current expenses of operating and maintaining the system.

Pursuant to a resolution, the Water and Sewer Division has agreed in each bond year to fix, establish, and collect such rates and collect such fees, rentals, or other charges for all services, after making due allowance for delinquencies in collection and after providing for the payment of the reasonable and necessary expenses of operating and maintaining the system, to produce net revenues (1) that are sufficient to pay debt service on all

ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2006

NOTE 8 - LONG-TERM DEBT (CONTINUED)

Primary Government (Continued)

5) Proprietary Fund Revenue Bonds (Continued)

outstanding bonds and to maintain the funds and accounts established in the resolution and (2) that result in each fiscal year in the greater of (a) the sum of debt service payable on the bonds in the ensuing fiscal year plus any required deposit to the Debt Service Reserve Fund or (b) a ratio of net revenues to average annual debt service of not less than 1.25 to 1. The ratio of net revenues to average annual debt service for the year ended December 31, 2006, was 8.72 to 1.

The ratio is more than the minimum requirements of the bond indenture. The bond agreement requires the Water and Sewer Division to establish and maintain the following accounts:

- a) A debt service reserve account with the sum equal to the maximum annual debt service on the bonds.
- b) A debt service account with monthly deposits of one-twelfth of the annual principal and interest payment to pay promptly and fully the principal and interest on the loan as it becomes due and payable.
- c) A renewal and replacement account with monthly deposits of 5% of the prior month's operating expenses, which will be used to care for extensions, additions, improvements, renewals, and replacements necessary to properly operate the system.

The Division has established and maintained these accounts, and at December 31, 2006, the cash and cash equivalent balances in the debt service reserve account, the debt service account, and the renewal and replacement account are \$144,717, \$300,800, and \$844,769, respectively. The account balances in the debt service reserve, debt service and renewal and replacement accounts exceed the minimum requirements of the bond indenture.

6) Proprietary Fund Sales Tax Bonds

On December 1, 1999, \$9,950,000 of the 1999 Sales Tax Bonds was issued. The interest rate on the bonds is 5.35%, and the bonds mature on December 1, 2019 with debt service payments due in annual principal installments from \$345,000 to \$805,000. The balance outstanding at December 31, 2006 was \$7,640,000.

On August 1, 2004, \$50,000,000 of the 2004 Sales Tax Bonds was issued at a premium of \$1,473,837. The interest rate on the bonds is 4.55%, and the bonds mature on March 1, 2024 with debt service payments due in annual principal installments from \$1,135,000 to \$3,695,000. The balance outstanding at December 31, 2006 was \$47,495,000.

The bonds were issued for the purpose of financing improvements to the sewer and water systems of the Division. The bonds are special and limited obligations of the Division, secured by and payable from a pledge and dedication of a ½% sales tax levied by the Parish for the Division.

The gross proceeds of the sales tax are collected by the St. Bernard Parish Sheriff, who withholds a portion to pay the reasonable and necessary expenses of collection and administration of the tax. After payment of such expenses, the remaining balance of the revenues of the tax shall constitute a dedicated fund of the Division, from which appropriations and expenditures by the Division shall be made solely for the purposes designated in the proposition authorizing the levy of the tax, including the payment of the bonds. The bond resolutions requires the Water and Sewer Division to establish and maintain the following accounts:

- a) A debt service account with monthly deposits of one-twelfth of the principal falling due on the next principal payment date and one-sixth of the interest falling due on the next interest payment date.

ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2006

NOTE 8 - LONG-TERM DEBT (CONTINUED)

Primary Government (Continued)

6) Proprietary Fund Sales Tax Bonds (Continued)

- b) A debt service reserve account equal to the lesser of a) 10% of the original proceeds or b) the maximum principal and interest requirements for any succeeding bond year.

Management has established the following accounts to report the use of sales tax proceeds:

- a) A reserve for inflow and infiltration account equal to 25% of the annual revenues of the tax to correct inflow and infiltration in sewage collection lines, or to repair damage caused thereby, unless required for debt service on bonds or otherwise approved by at least two-thirds of the total membership of the Parish Council.
- b) A reserve for system improvements account with monthly transfers which represent the ½% sales tax being levied and collected.

The Division has established and maintained these accounts, and at December 31, 2006, the cash and cash equivalents balances in the debt service account, the debt service reserve account, the inflow and infiltration account and the construction fund account are \$36,081,101, \$1,008,843, \$3,878,877 and \$-0-, respectively. The account balances exceed the minimum requirements of the bond indentures.

7) Proprietary Fund Public Improvement and General Obligation Bonds

Public improvement and general obligation bonds are secured by the full faith and credit of the various Districts and are financed through the levy and collection of ad valorem taxes. The bonds were issued to construct improvements and extensions to the sewerage systems. \$3,295,000 General Obligation Refunding Bonds of the Sewer District No. 2 issue of September 1, 1991, due in annual installments of \$170,000 to \$340,000 bearing interest rates of 6.4% to 6.65% through March 1, 2005. The balance outstanding at December 31, 2006 was \$-0-.

8) Proprietary Fund Customer Deposits

The St. Bernard Parish Government continues the process of replenishing the meter deposit account and has not used any of the deposits for expenses or capital expenditures since the consolidation of the Water and Sewer Division into the parish government in 1997. At December 31, 2006, the customer meter deposits cash account had a balance of \$640,653 and meter liability of \$1,457,289.

9) Current Year's Defeasance of Debt

On August 1, 2004, the Division issued \$50,000,000 in Sales Tax Bonds, Series 2004 with the interest rate of 4.55% of which a portion was to advance refund \$1,835,000 of outstanding Series 1994 Revenue Refunding Bonds with the interest rate of 4.80-5.20%. The proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the debt until the debt is called or matures. As a result, the Series 1994 Revenue Refunding Bonds are considered to be defeased and the liability for those bonds has been removed.

10) Prior Years' Defeasance of Debt

In prior years, the Parish defeased certain public improvement and general obligation bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from governmental activities. As of December 31, 2006, the amount of defeased debt outstanding but removed from the financial statements amounted to \$4,285,000.

ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2006

NOTE 8 - LONG-TERM DEBT (CONTINUED)

Primary Government (Continued)

10) Prior Years' Defeasance of Debt (Continued)

In prior years, the Water and Sewer Division defeased certain revenue and general obligation bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the business-type activities, Water and Sewer Division's long-term bonds payable. As of December 31, 2006, the amount of defeased debt outstanding but removed from the financial statements amounted to \$4,670,000.

NOTE 9 - OPERATING LEASES

The Water and Sewer Division ended its lease agreement for a belt press located at the Dravo Wastewater Treatment Plant in February 2004. Total rental expense for the year ended December 31, 2006 was \$10,400. The Water and Sewer Division receives lease income under the following agreements:

<u>Lease</u>	<u>Yearly Income</u>	<u>Lease Period</u>	<u>Beginning Date</u>	<u>Option</u>
Right-of-way agreement	\$ 2,500	10 years	September 1, 1995	Additional 10 year term
Tower lease #1	6,000	5 years	August 9, 1995	3 additional 5 year terms
Tower lease #2	7,200	5 years	June 26, 1996	3 additional 5 year terms
Tower lease #3	13,800	5 years	August 22, 1996	3 additional 5 year terms
Tower lease #4	13,200	5 years	November 19 1998	4 additional 3 year terms
Tower lease #5	12,500	5 years	July 28, 1998	4 additional 3 year terms
Tower lease #6	9,600	5 years	December 23, 1997	4 additional 3 year terms
Tower lease #7	9,000	5 years	September 7, 2004	4 additional 3 year terms

The Division also granted the St. Bernard Parish School Board the use of property at St. Bernard Highway and Palmisano Boulevard free of rent for a period of thirty years. Total rental income for the year ended December 31, 2006 was \$73,800. The future minimum rentals for the next five years and in the aggregate are:

<u>Year Ending December 31,</u>	
2007	\$ 51,942
2008	18,000
2009	18,000
2010	12,000
2011	12,000
Total	<u>\$ 111,942</u>

**ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2006**

NOTE 10 - INTERFUND PAYABLES, RECEIVABLES AND TRANSFERS

a) The composition of due to/from other funds as of December 31, 2006, was as follows:

<u>Due To</u>	<u>Due From</u>	<u>Amount</u>
General Fund	Water and Sewer Division	\$ 651,450
Public Works	Non-major Governmental Funds	294,080
Water and Sewer Division	Non-major Governmental Funds	450,516
	Water and Sewer Division	7,255
Library Fund	Water and Sewer Division	287,257
Non-major Governmental Funds	General Fund	4,788
Non-major Business-type Funds	Water and Sewer Division	481,675
	Non-major Business-type Funds	671,765
Internal Service Funds	Water and Sewer Division	25,000
	Non-major Governmental Funds	53,800
	Internal Service Funds	3,780
		<u>\$ 2,931,366</u>

b) The composition of interfund transfers as of December 31, 2006, was as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Information Unavailable		

**ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2006**

NOTE 11 - EMPLOYEE RETIREMENT SYSTEMS

The Parish Government contributes to the Parochial Employees Retirement System of Louisiana, the Firefighters' Retirement System, and the District Attorneys' Retirement System of Louisiana. The parish's payroll for employees covered by the retirement systems for the year ended December 31, 2006 was \$12,168,687 (which includes a parish payroll of \$10,026,040 and Water and Sewer Division payroll of \$2,142,647).

a) Parochial Employees' Retirement System

Employees of the Parish and Water and Sewer Division are members of the Parochial Employees' Retirement System of Louisiana ("System"), a multiple-employer (cost sharing), public-employee retirement system (PERS). The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions.

Plan Description - The Parish and Water and Sewer Division contribute to Plan A of the Parochial Employees' Retirement System of Louisiana (the System), cost-sharing multiple-employer defined benefit public employee retirement system (PERS), which is controlled and administered by a separate Board of Trustees. The System provides retirement, deferred and disability benefits, survivor's benefits and cost of living adjustments to plan members and beneficiaries. Act 205 of the 1952 Louisiana Legislative Session established the plan. The System is governed by Louisiana Revised Statutes 11:1901 through 11:2015, specifically, and other general laws of the State of Louisiana. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to Parochial Employees' Retirement System of Louisiana, P.O. Box 14619, Baton Rouge, Louisiana 70898-4619.

Funding Policy - Plan members are required to contribute 9.50% of their annual-covered salary. Employer contributions are actuarially determined every fiscal year according to statutory process. The current rate is 11.75% of annual payroll. The contribution requirements of plan members and the Parish and Water and Sewer Division are established and may be amended by state statute. The Parish's contributions to the System for the years ended December 31, 2006, 2005 and 2004 were \$830,937, \$1,105,116, and \$1,075,827, respectively, equal to the required contributions for each year. For the year ended December 31, 2006, the total payroll for Water and Sewer Division employees covered by the System under Plan A was \$2,142,647. The Water and Sewer Division's contributions to the System for the years ended December 31, 2006, 2005, and 2004 were \$251,761, \$307,441, and \$309,870, respectively, equal to the required contributions for each year.

b) Firefighters' Retirement System

Plan Description - The Parish contributes to the Firefighters' Retirement System of Louisiana (the System), a cost-sharing multiple-employer defined benefit public retirement system, which is controlled and administered by a separate Board of Trustees. The System provides retirement, deferred and disability benefits, survivor's benefits and cost of living adjustments to plan and members and beneficiaries. Act 434 of the 1979 Louisiana Legislative Session established the plan. The System is Governed by Louisiana Revised Statutes 11:2251 through 11:2269, specifically, and other general laws of the State of Louisiana. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to Firefighters' Retirement System of Louisiana, 2051 Silverside Drive, Suite 210, Baton Rouge, Louisiana 70808-4136.

Funding Policy - Plan members are required to contribute 8% of their earnable compensation and the Parish is required to contribute at an actuarially determined rate. Beginning January 1, 2004, the Parish was paying a rate of 21% of payroll. On July 1, 2004, that rate increased to 24% of annual-covered payroll. The contribution requirements of plan members and the Parish are established and may be amended by state statute. The Parish's contributions to the System for the years ended December 31, 2006, 2005, and 2004 were \$548,234, \$826,728, and \$930,875, respectively, equal to the required contributions for each year.

**ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2006**

NOTE 11 - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

c) District Attorneys' Retirement System

Plan Description - The Parish contributes to the District Attorneys' Retirement System (System), a cost-sharing multiple employer public employee retirement system, which is controlled and administered by a separate Board of Trustees. The System provides retirement, deferred and disability benefits, survivor's benefits and cost of living adjustments to plan members and beneficiaries. Act 56 of the 1956 Louisiana Legislative Session established the plan. The System is governed by Louisiana Revised Statutes 11:1581 through 11:1702, specifically, and other general laws of the State of Louisiana. The System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to District Attorney Retirement System, 2109 Decatur Street, New Orleans, Louisiana 70116.

Funding Policy - Plan members are required to contribute 7% of their compensation to the System. The Parish is required to contribute to an actuarially determined rate. The current rate is 3.75% of annual-covered payroll. The contribution requirements of plan members and the Parish are established and may be amended by state statute. The Parish began contributing to the Plan July 1, 2004. The Parish's contributions to the System for the years ended December 31, 2006, 2005, and 2004 were \$10,455, \$10,560, and \$3,998, respectively, equal to the required contributions for each year.

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS

The Parish and Water and Sewer Division provide certain post-employment health care benefits for its retired employees. Substantially all of the employees become eligible for these benefits if they reach normal retirement age while working for the Parish or the Division. As of year-end, 125 and 28 retirees, respectively, were eligible and are receiving benefits. These benefits for retirees and similar benefits for active employees are provided through an insurance company whose monthly premiums are paid by the Parish and the Division.

NOTE 13 - SELF INSURANCE / RISK MANAGEMENT

The parish government is exposed to various risks of loss related to general liability, auto liability, workers' compensation, unemployment compensation, property, and group health benefits. Various suits and claims arising from personal injury and property damage, some for substantial amounts, are pending against the parish government, its insurers and others. In accordance with Statement of Financial Accounting Standards No. 5, the parish government's Internal Service Fund and the Division have provided for, in their financial statements, estimated losses from the aforementioned pending suits and claims based on the estimated ultimate cost of settling the claims, considering the effects of inflation, recent claim settlement trends and other social and economic factors, including the effects of specific incremental claim adjustment expense, salvage and subrogation. The parish government believes the ultimate settlement cost will not materially exceed the amounts provided for the claims.

a) Governmental Activities

The Parish government established a self-insurance fund for their workman's compensation, unemployment compensation, general, and automobile liability for all funds of the Parish. The Parish government is self insured for claims up to \$250,000 per occurrence. The government has an insurance policy for claims between \$250,000 and \$5,000,000 per occurrence. Two independent insurance service companies administer the fund.

The estimated claims liability related to prior years' workers compensation claims is computed by subtracting paid claims from the reserves previously set up to arrive at "remaining reserves" and then "developing" that number based on factors determined by the third party administrator using historical data.

The estimated claims liability related to prior years' general liability and auto claims was estimated by the Parish's legal department based on a claim by claim evaluation to determine the potential loss.

Estimated claims liability related to the current year's general liability, auto, and workers compensation was determined by using the average annual claims expense incurred for each type of coverage based on the fund's history.

ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2006

NOTE 13 - SELF INSURANCE / RISK MANAGEMENT (CONTINUED)

a) Governmental Activities (Continued)

The following represents a reconciliation of total claims liability:

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Claims liability at beginning of year	\$ 2,694,023	\$ 2,064,033	\$ 2,307,380
Plus: provision for incurred claims	-	1,391,390	495,993
Less: claims paid	<u>-</u>	<u>(761,400)</u>	<u>(739,340)</u>
Claims liability at end of year	<u>\$ 2,694,023</u>	<u>\$ 2,694,023</u>	<u>\$ 2,064,033</u>

b) Business-type Activities

Effective February 1, 1997, the Division established a self-insurance fund for their workman's compensation, unemployment compensation, general and automobile liability. The Division is self insured for claims up to \$250,000 per occurrence. They have an insurance policy for claims between \$250,000 and \$5,000,000 per occurrence. Two independent insurance service companies administer the fund.

Estimated claims liability related to the current year's general liability, auto and workers compensation was determined by using the average annual claims expense incurred for each type of coverage.

The following represents a reconciliation of total claims liability:

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Claims liability at beginning of year	\$ 868,252	\$ 448,078	\$ 692,732
Plus: provision for incurred claims	-	494,778	(123,082)
Less: claims paid	<u>-</u>	<u>(74,604)</u>	<u>(121,572)</u>
Claims liability at end of year	<u>\$ 868,252</u>	<u>\$ 868,252</u>	<u>\$ 448,078</u>

NOTE 14 - CRIMINAL COURT FUND

Louisiana Revised Statutes, at LSA-R.S. 15:571.11 requires that one-half of any surplus remaining in the Criminal Court Fund at year-end shall be transmitted to the Parish's General Fund. For the year ended December 31, 2006, \$-0- was transferred to the General Fund.

NOTE 15 - ADMINISTRATIVE ORDERS

During 1996, the St. Bernard Parish Department of Public Works Water and Sewer Division received an administrative order from the United States Environmental Protection Agency (EPA). The order stated that the Division has violated its National Pollutant Discharge Permit and the Clean Water Act. The EPA has allowed the Division a reasonable period to take corrective action to eliminate and prevent recurrence of the noncompliant discharges cited in the findings or to submit a comprehensive plan to eliminate and prevent recurrence of violations cited in findings.

As of December 31, 2006, the Division has filed a response to the deficiencies cited in the order and has placed into operation all improvements necessary to obtain compliance. However, the EPA has not officially cleared the Division of the violations. The Division can be assessed up to \$27,500 per day in penalties for noncompliance with the order. There have been no assessments by the EPA or penalties accrued in these financial statements.

During 2003, the St. Bernard Parish Department of Public Works Water and Sewer Division received several administrative orders from the United States Environmental Protection Agency (EPA). The orders stated that the Division has violated its National Pollutant Discharge Permit and the Clean Water Act. The EPA has allowed the Division a reasonable period, for

ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2006

NOTE 15 - ADMINISTRATIVE ORDERS (CONTINUED)

each administrative order, to take corrective action to eliminate and prevent recurrence of the noncompliant discharges cited in the findings or to submit a comprehensive plan to eliminate and prevent recurrence of violations cited in findings.

As of December 31, 2006, the Division has filed a response to the deficiencies cited in the orders to obtain compliance. However, the EPA has not officially cleared the Division of the violations. There have been no assessments by the EPA or penalties accrued in these financial statements.

NOTE 16 - COMMITMENTS AND CONTINGENCIES

The Parish received funding under grants from various federal and state governmental agencies. The agency grants specify the purpose for which the grant monies are to be used; the grants are subject to audit by the granting agency or its representative.

NOTE 17 - LITIGATION

The Parish and Water and Sewer Division are named as defendants in a number of lawsuits arising principally from claims related to personal injury, negligence, and property damage. As discussed in Note 14, the Parish and Water and Sewer Division are primarily self-insured with respect to claims of these types. The Parish's insurance department and its attorneys have reviewed these claims and lawsuits in order to evaluate the likelihood of an unfavorable outcome to the Parish and to arrive at an estimate, if possible, of the amount or range of potential loss to the Parish.

As a result of such a review, loss contingencies, which could be reasonably estimated, have been categorized as "probable", "reasonably possible", and "remote", as defined in Governmental Accounting Standards Board Codification Section C50 - Claims and Judgments. Loss contingencies for the Parish amounting to \$587,340 categorized as "probable" have been accrued in the Self Insurance Internal Service Fund. Loss contingencies for the Water and Sewer Division for "probable" cases amounting to \$202,500 have been accrued in the Water and Sewer Internal Service Fund. The Parish's "reasonably possible" loss contingencies at December 31, 2006 for which an amount of liability can be estimated is \$629,000 and is not reflected in these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

ST. BERNARD PARISH GOVERNMENT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2006

	Actual Amounts	Adjustments to Budgetary Basis	Actual Amounts on Budgetary Basis	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
REVENUES						
Taxes:						
Ad valorem	\$ 968,514	\$ -	\$ 968,514	\$ 164,291	\$ -	\$ 968,514
Sales and use	6,192,114	-	6,192,114	-	-	6,192,114
Other taxes, penalties, interest, etc.	767,592	-	767,592	758,700	-	767,592
Licenses and permits	501,453	-	501,453	232,400	-	501,453
Intergovernmental revenues:						
Federal grants	29,830,221	-	29,830,221	100,000	-	29,830,221
State funds:						
State revenue sharing (net)	2,280	-	2,280	54,000	-	2,280
Other	1,129,570	-	1,129,570	95,000	-	1,129,570
Fees, charges, and commissions for services	398,904	-	398,904	1,030,180	-	398,904
Fines and forfeitures	2	-	2	9,000	-	2
Use of money and property	(27,147)	-	(27,147)	1,750	-	(27,147)
Other revenues	330,594	-	330,594	90,500	-	330,594
Total revenues	<u>40,094,097</u>	<u>-</u>	<u>40,094,097</u>	<u>2,535,821</u>	<u>-</u>	<u>40,094,097</u>
EXPENDITURES						
Current:						
General government:						
Deductions by sales tax collector	713,088	-	713,088	100,000	-	(713,088)
Other general government	7,765,190	-	7,765,190	5,154,810	-	(7,765,190)
Capital outlay	177,891	-	177,891	22,474	-	(177,891)
Total expenditures	<u>8,656,169</u>	<u>-</u>	<u>8,656,169</u>	<u>5,278,284</u>	<u>-</u>	<u>(8,656,169)</u>
Excess of revenues over expenditures	<u>31,437,928</u>	<u>-</u>	<u>31,437,928</u>	<u>(2,742,463)</u>	<u>-</u>	<u>31,437,928</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	1,834,543	-	1,834,543	-	-	1,834,543
Transfers out	(20,660,124)	-	(20,660,124)	-	-	(20,660,124)
Total other financing sources (uses)	<u>(18,825,581)</u>	<u>-</u>	<u>(18,825,581)</u>	<u>-</u>	<u>-</u>	<u>(18,825,581)</u>
Net change in fund balances	12,612,347	-	12,612,347	(2,742,463)	-	12,612,347
Fund balances - beginning	590,152	-	590,152	14,639,265	-	590,152
Fund balances - ending	<u>\$ 13,202,499</u>	<u>\$ -</u>	<u>\$ 13,202,499</u>	<u>\$ 11,896,802</u>	<u>\$ -</u>	<u>\$ 13,202,499</u>

The notes to the Required Supplementary Information are an integral part of this schedule.

ST. BERNARD PARISH GOVERNMENT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
PUBLIC WORKS
FOR THE YEAR ENDED DECEMBER 31, 2006

	Actual Amounts	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
REVENUES				
Taxes:				
Ad valorem	\$ 1,310,328	\$ 176,900	\$ -	\$ 1,310,328
Other taxes, penalties, interest, etc.	2,447	-	-	2,447
Intergovernmental revenues:		500		
Federal grants	39,247	-	-	39,247
State funds:				
Parish transportation funds	403,496	500,000	-	403,496
State revenue sharing (net)	23,227	50,000	-	23,227
Other	1,779,909	4,000,000	-	1,779,909
Fees, charges, and commissions for services	4,806	-	-	4,806
Use of money and property	(14,640)	-	-	(14,640)
Other revenues	7,544	5,000	-	7,544
Total revenues	<u>3,556,364</u>	<u>4,732,400</u>	<u>-</u>	<u>3,556,364</u>
EXPENDITURES				
Current:				
Public works	4,392,483	3,397,438	-	(4,392,483)
Capital outlay	52,049	255,000	-	(52,049)
Total expenditures	<u>4,444,532</u>	<u>3,652,438</u>	<u>-</u>	<u>(4,444,532)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(888,168)</u>	<u>1,079,962</u>	<u>-</u>	<u>(888,168)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,504,054	-	-	1,504,054
Transfers out	(144,080)	-	-	(144,080)
Total other financing sources (uses)	<u>1,359,974</u>	<u>-</u>	<u>-</u>	<u>1,359,974</u>
Net change in fund balances	471,806	1,079,962	-	471,806
Fund balances - beginning	<u>964,998</u>	<u>-</u>	<u>-</u>	<u>964,998</u>
Fund balances - ending	<u>\$ 1,436,804</u>	<u>\$ 1,079,962</u>	<u>\$ -</u>	<u>\$ 1,436,804</u>

The notes to the Required Supplementary Information are an integral part of this schedule.

**ST. BERNARD PARISH GOVERNMENT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
GARBAGE DISTRICT NO. 1
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Actual Amounts</u>	<u>Budgeted Amounts</u>		<u>Variance with Final Budget - Positive (Negative)</u>
		<u>Original</u>	<u>Final</u>	
REVENUES				
Taxes:				
Ad valorem	\$ 1,310,326	\$ 170,000	\$ -	\$ 1,310,326
Other taxes, penalties, interest, etc.	2,447	-	-	2,447
Intergovernmental revenues:				
State funds:				
State revenue sharing (net)	23,227	50,000	-	23,227
Use of money and property	(34,345)	-	-	(34,345)
Total revenues	<u>1,301,655</u>	<u>220,000</u>	<u>-</u>	<u>1,301,655</u>
EXPENDITURES				
Current:				
Public works	5,130,359	366,685	-	5,130,359
Total expenditures	<u>5,130,359</u>	<u>366,685</u>	<u>-</u>	<u>5,130,359</u>
Deficiency of revenues under expenditures	<u>(3,828,704)</u>	<u>(146,685)</u>	<u>-</u>	<u>(3,828,704)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,281,537	-	-	2,281,537
Total other financing sources (uses)	<u>2,281,537</u>	<u>-</u>	<u>-</u>	<u>2,281,537</u>
Net change in fund balances	(1,547,167)	(146,685)	-	(1,547,167)
Fund balances - beginning	<u>126,802</u>	<u>-</u>	<u>-</u>	<u>126,802</u>
Fund balances - ending	<u>\$ (1,420,365)</u>	<u>\$ (146,685)</u>	<u>\$ -</u>	<u>\$ (1,420,365)</u>

The notes to the Required Supplementary Information are an integral part of this schedule.

ST. BERNARD PARISH GOVERNMENT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
CONSOLIDATED FIRE PROTECTION DISTRICT NO. 1-2
FOR THE YEAR ENDED DECEMBER 31, 2006

	Actual Amounts	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
REVENUES				
Taxes:				
Ad valorem	\$ 3,252,737	\$ 264,600	\$ -	\$ 3,252,737
Other taxes, penalties, interest, etc.	201,274	161,500	-	201,274
Intergovernmental revenues:				
Federal grants	79,217	-	-	79,217
State funds:				
State revenue sharing (net)	22,349	60,000	-	22,349
Fees, charges, and commissions for services	555	1,000	-	555
Use of money and property	(161,359)	5,000	-	(161,359)
Other revenues	46,368	23,500	-	46,368
Total revenues	<u>3,441,141</u>	<u>515,600</u>	<u>-</u>	<u>3,441,141</u>
EXPENDITURES				
Current:				
Public safety	8,362,209	6,153,151	-	(8,362,209)
Capital outlay	18,040	50,000	-	(18,040)
Total expenditures	<u>8,380,249</u>	<u>6,203,151</u>	<u>-</u>	<u>(8,380,249)</u>
Deficiency of revenues under expenditures	<u>(4,939,108)</u>	<u>(5,687,551)</u>	<u>-</u>	<u>(4,939,108)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	3,733,750	-	-	3,733,750
Transfers out	2,802	-	-	2,802
Proceeds from long-term debt	-	-	-	-
Sale of capital assets	-	-	-	-
Total other financing sources (uses)	<u>3,736,552</u>	<u>-</u>	<u>-</u>	<u>3,736,552</u>
Net change in fund balances	(1,202,556)	(5,687,551)	-	(1,202,556)
Fund balances - beginning	104,878	-	-	104,878
Fund balances - ending	<u>\$ (1,097,678)</u>	<u>\$ (5,687,551)</u>	<u>\$ -</u>	<u>\$ (1,097,678)</u>

The notes to the Required Supplementary Information are an integral part of this schedule.

ST. BERNARD PARISH GOVERNMENT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
LIBRARY
FOR THE YEAR ENDED DECEMBER 31, 2006

	Actual Amounts	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
REVENUES				
Taxes:				
Ad valorem	\$ 763,402	\$ -	\$ -	\$ 763,402
Intergovernmental revenues:				
State funds:				
State revenue sharing (net)	74,685	-	-	74,685
Other	21,961	-	-	21,961
Use of money and property	204,034	-	-	204,034
Public grants	1,450	-	-	1,450
Other revenues	8,469	-	-	8,469
Total revenues	<u>1,074,001</u>	<u>-</u>	<u>-</u>	<u>1,074,001</u>
EXPENDITURES				
Current:				
Health and welfare	138,369	-	-	(138,369)
Capital outlay	1,336	-	-	(1,336)
Total expenditures	<u>139,705</u>	<u>-</u>	<u>-</u>	<u>(139,705)</u>
Excess of revenues over expenditures	934,296	-	-	934,296
OTHER FINANCING SOURCES (USES)				
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	934,296	-	-	934,296
Fund balances - beginning	<u>5,784,227</u>	<u>3,295,000</u>	<u>-</u>	<u>5,784,227</u>
Fund balances - ending	<u>\$ 6,718,523</u>	<u>\$ 3,295,000</u>	<u>\$ -</u>	<u>\$ 6,718,523</u>

The notes to the Required Supplementary Information are an integral part of this schedule.

**ST. BERNARD PARISH GOVERNMENT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2006**

NOTE 1 - BUDGETARY EXPENDITURES IN EXCESS OF APPROPRIATIONS

Generally accepted accounting principles require the disclosures of the excess of expenditures over appropriations in individual funds. The following major funds had expenditures in excess of appropriations:

	<u>Actual</u>	<u>Budget</u>	<u>Difference</u>	<u>Percentage Difference</u>
EXPENDITURES:				
General Fund	\$ 8,656,169	\$ 5,278,284	\$ 3,377,885	64.00
Consolidated Fire Protection				
District No. 1-2	8,380,249	6,203,151	2,177,098	35.10
Water & Sewer Division	10,459,013	8,345,195	2,113,818	25.33
Public Works	4,444,532	3,652,438	792,094	21.69

NOTE 2 - BUDGET PRESENTATION

No budget was prepared for the Hurricane Katrina special revenue fund; therefore, no budget comparison statement is present for this fund.

OTHER SUPPLEMENTAL INFORMATION

**ST. BERNARD PARISH GOVERNMENT
NONMAJOR GOVERNMENTAL FUND DESCRIPTIONS
DECEMBER 31, 2006**

Special Revenue Funds

Special revenue funds are used to account for revenues from specific taxes or other earmarked revenue sources, which by law are designated to finance particular functions or activities of government and which, therefore, cannot be diverted to other uses.

Civic Auditorium Fund

This fund is used to account for the maintenance and operation of the St. Bernard Parish Civic Center ("Center"). Revenues are derived from fees charged for the use of the Center.

Criminal Court Fund

The Criminal Court Fund of the Thirty-Fourth Judicial District was established under Section 571.11 of Title 15 of the Louisiana Revised Statutes of 1950. Fines and forfeitures imposed by the District Court and District Attorney's conviction fees in criminal cases are transferred to the Parish treasurer and deposited into a special "Criminal Court Fund" account. These funds are used for expenses of the criminal court of the parish government. Expenditures are made from this fund on motion of the District Attorney and approval by the District Judges.

Judicial Court Reporter Fund

This fund is used to account for the salaries of the Thirty-Fourth Judicial District Court reporters. This fund is financed from the judicial fees collected by the clerk of court and remitted to the Parish government.

Council on Aging Fund

This fund is used to account for the receipt and disbursement of a one-mill property tax levy for the maintenance and operation of the Senior Citizens Center.

Community Development Fund

This fund is used to account for the coordination of planning activities and emergency preparedness. The revenues are derived from permits, licenses and transfers from sales tax.

Recreation Fund

This fund is used to account for the maintenance and operations of the recreation facilities within the Parish. Revenues are derived from ad valorem taxes and state revenue sharing.

Road Lighting District No. 1 Fund

This fund is used to account for the maintenance of the lighting facilities of the roads, alleys, and public places within the Parish. Revenues are derived from ad valorem taxes and state revenue sharing.

Workforce Investment Act Fund

This fund, formerly known as the Jobs Training Partnership Act Fund (JTPA), is used to account for the collection and payment of Jobs Training Partnership Act Funds and Workforce Investments Act funds on behalf of other agencies, governing bodies and/or other funds.

District Attorney General Fund

This fund is used to account for the salaries and expenses of the District Attorney of the Thirty-Fourth Judicial District. This fund is financed by a transfer of sales tax from the General Fund, which is budgeted annually by the Parish government at the same time it prepares its annual budget. The Parish government is mandated to pay the expenses of the District Attorney's office as provided by Louisiana Revised Statutes 16:6 and 16:839.4.

**ST. BERNARD PARISH GOVERNMENT
NONMAJOR GOVERNMENTAL FUND DESCRIPTIONS (CONTINUED)
DECEMBER 31, 2006**

Special Revenue Funds (Continued)

Health Fund

This fund is used to account for the activities that contribute to the health monitoring services provided by the state health unit within the Parish. The State bills the Parish Health Department for the building operating and maintenance expenses related to the facility. Revenues are derived from ad valorem taxes and state revenue sharing.

Communications Fund

This fund is used to account for the cost of the 911 Emergency Service number. Revenues are derived from a telephone tax.

Housing Voucher Program Fund

This fund is used to account for the administration of the Housing Voucher Program.

Contingency Criminal Court "A" Fund

This fund is used to account for the administration of the Indigent Defenders Board. Revenues are derived from reimbursements from the Indigent Defenders Board and from transfers from the Criminal Court Fund.

Human Resources Fund

This fund was established to record the income and expenditures on various federal and state grants.

Urban Mass Transportation Administration Fund

This fund is used to account for the operations of the public transit system. The system is partly funded by an operating grant received from the Federal Transit Authority.

Environmental Mitigation Fund

This fund is used to account for the operation, maintenance and costs for the Parish Wetlands Management Program. Financing is provided by mitigation payments and donations.

Deputy Witness Fee Fund

This fund is used to account for the fees paid to deputies for court appearances. The fund is financed from court costs collected by the clerk of court and remitted to the Parish government.

Weatherization Fund

This fund is used to account for the administration of weatherization assistance program. Financing is provided by the Department of Social Services.

Low Income Home Energy Assistance Program Fund

This fund is used to account for the administration of the low-income home energy assistance program. Financing is provided by the Department of Social Services.

Day Care Fund

This fund is used to account for the administration of a family day care home program. Financing is provided by the Department of Education.

Federal Emergency Management Assistance Fund

This fund is used to account for administration of the emergency food and shelter program.

**ST. BERNARD PARISH GOVERNMENT
NONMAJOR GOVERNMENTAL FUND DESCRIPTIONS (CONTINUED)
DECEMBER 31, 2006**

Debt Service Funds

Debt service funds are used to account for the payment of interest and principal on all general obligation debt. They do not include debt issued by the Proprietary Funds.

Versailles Industrial Park Sinking Fund

This fund is used to accumulate monies for the payment of special assessment bonds. These bonds were used to finance public improvements deemed to benefit the properties against which the costs are assessed. The costs of the project are estimated and property owners are assessed their proportionate share. The property owner either pays the assessment within 60 days or over a 10-year period. Interest is charged on the unpaid assessments at the rate of 6.25%. Bond principal and interest are paid with the monies provided by payments on the assessments and related interest.

Bond Reserve 1977 Fund

This fund was established to comply with the bond resolutions of the Public Improvement Bonds, Series 1977. This account was used for transfers of sales tax from the sales tax account. Payments into the Reserve Fund ceased after an amount equal to the highest principal and interest requirements for any succeeding bond year had been accumulated therein.

Bond Reserve 1996 Fund

This fund was established to comply with the bond resolutions of the Public Improvement Bonds Series 1996. This fund is used to account for a \$274,000 reserve as required by the 1996 issue.

2003 Sales Tax Refunding Fund

This fund is used to accumulate monies for the payment of bonds dated January 1, 2003, which were issued in part to refund the 1996 Series Public Improvement Bond issue. The bonds are secured from the proceeds of three separate special one-half of 1 percent sales and use taxes effective July 13, 1965, July 15, 1969, and December 7, 1976.

1990 and 1997 General Obligation Bond Fund

This fund is used to accumulate monies for the payment of bonds dated February 1, 1990 and December 1, 1997. The 1990 Bonds were used for the purpose of constructing a jail and detention facility and the acquisition of any necessary equipment and furnishings associated with the facility. The 1997 bonds were used to defease \$4,125,000 of the previously issued 1990 bonds. The bonds are secured by an ad valorem tax.

Public Improvement Bonds Series 1977 and 1999 Fund

This fund is used to accumulate monies for the payment of bonds dated June 1, 1977 and March 3, 1999. The 1977 bonds were used for the purpose of paying all or any part of the cost of public works, buildings, improvements, and facilities in the Parish. The 1999 bonds were used to defease \$1,353,000 of the previously issued 1977 bonds. There is no requirement for an accompanying bond reserve fund. The bonds are secured by the proceeds of a special ½% sales and use tax.

Public Improvement Bonds Series A, B, C Fund

This fund is used to accumulate monies for the payment of bonds dated June 1, 1965. At December 31, 1999, all obligations of the A, B, C Fund had been paid.

Community Disaster Loan Fund

This fund is used to accumulated monies for the repayment of the Community Disaster Loan. This loan has no payments due at December 31, 2006.

ST. BERNARD PARISH GOVERNMENT
NONMAJOR GOVERNMENTAL FUND DESCRIPTIONS (CONTINUED)
DECEMBER 31, 2006

Capital Projects Funds

The capital projects funds account for all resources used for the acquisition and/or construction of capital facilities of the Parish, including those financed by special assessments. These funds do not include acquisitions and/or construction for proprietary funds.

Public Improvement Bond Series D, E, F, G Fund

This fund is used to account for road maintenance, road lighting and drainage construction.

Urban System Roadway Reconstruction Fund

This fund is used to account for the costs associated with roadway reconstruction in various areas of the Parish. The transfers from the general fund financed the reconstruction.

Capital Projects Fund

This fund is used to track and pay for costs of capital projects. The source of funding for the projects will be from transfers from general, special revenue or internal service operating accounts.

Drainage and Siphon Fund

This fund is used to account for the construction and improvements of drains and drainage canals, including the construction of pumping stations.

Courthouse Capital Fund

This fund is used to account and pay for the cost associated with improvements and maintenance to the Courthouse. The source of funding for the improvements will be from transfers from the Criminal Court Fund.

2003 Sales Tax Bond Fund

This fund is used to account for costs of construction for concrete street repairs, a new animal shelter, and other various improvements.

911 Communications Construction Fund

This fund is used to account for construction costs associated with a new 911 communications center.

1990 General Obligation Bond Fund

This fund is used to account for the construction of a jail and juvenile detention facility and the acquisition of any necessary equipment and furnishings associated with the facility.

Fire District 1-2 C.I. Series Bond Fund

This fund is used to account for the costs of improving fire protection facilities and purchasing fire trucks and other fire fighting equipment for Fire Protection District 1 and 2.

Road District 1 Project Bond Fund

This fund is used to account for the costs of acquiring equipment to be used for constructing, improving, and maintaining public roads and highways.

**ST. BERNARD PARISH GOVERNMENT
NONMAJOR GOVERNMENTAL FUND DESCRIPTIONS (CONTINUED)
DECEMBER 31, 2006**

Drainage Construction Bonds of 1967 and 1982 Fund

This fund is used to account for maintaining, digging, and improving drains and drainage canals including the maintenance of two pumping stations.

Rebuild St. Bernard Fund

This fund is used to account for funds received to rebuild St. Bernard after Hurricane Katrina.

Permanent Work Fund

This fund is used to account for funds received to rebuild St. Bernard after Hurricane Katrina.

**ST. BERNARD PARISH GOVERNMENT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2006**

	<u>Special Revenue</u>			
	<u>Civic Auditorium</u>	<u>Criminal Court</u>	<u>Judicial Court Reporter</u>	<u>Council on Aging</u>
ASSETS				
Cash and cash equivalents	\$ (51,044)	\$ 210,283	\$ (92,527)	\$ 295,443
Receivables (net of allowances for uncollectibles)				
Ad valorem taxes	-	-	-	182,870
Intergovernmental	112,143	-	-	-
Other	-	21,622	5,237	-
Special assessments:				
Deferred	-	-	-	-
Due from other funds	-	-	-	-
Prepays	807	-	-	-
Other assets	-	1,797	-	-
Total assets	<u>\$ 61,906</u>	<u>\$ 233,702</u>	<u>\$ (87,290)</u>	<u>\$ 478,313</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 4,989	\$ 75,000	\$ 23,692	\$ -
Retainage payable	-	-	-	-
Salaries and payroll deductions payable	2,416	-	8,654	(87)
Due to other funds	-	-	-	-
Deferred revenues	-	-	-	-
Total liabilities	<u>7,405</u>	<u>75,000</u>	<u>32,346</u>	<u>(87)</u>
Fund balances:				
Reserved for:				
Debt service	-	-	-	-
Encumbrances	-	-	-	-
Unreserved, undesignated, reported in:				
Special revenue funds	54,501	158,702	(119,636)	478,400
Debt service funds	-	-	-	-
Capital projects funds	-	-	-	-
Total fund balances	<u>54,501</u>	<u>158,702</u>	<u>(119,636)</u>	<u>478,400</u>
Total liabilities and fund balances	<u>\$ 61,906</u>	<u>\$ 233,702</u>	<u>\$ (87,290)</u>	<u>\$ 478,313</u>

(Continued)

Special Revenue

<u>Community Development</u>	<u>Recreation Department</u>	<u>Road Lighting District No. 1</u>	<u>Workforce Investment Act</u>	<u>District Attorney General</u>
\$ (422,303)	\$ (252,758)	\$ (218,961)	\$ 73,324	\$ (263,110)
-	429,044	235,702	-	-
22,333	16,655	8,157	160,122	-
43,424	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	10,280	-	-	-
-	-	-	-	-
<u>\$ (356,546)</u>	<u>\$ 203,221</u>	<u>\$ 24,898</u>	<u>\$ 233,446</u>	<u>\$ (263,110)</u>
\$ 31,854	\$ 25,892	\$ 49,083	\$ 11,441	\$ 40,887
-	-	-	-	-
22,432	11,056	-	117,334	32,407
-	-	-	50,000	-
-	-	-	74,189	-
<u>54,286</u>	<u>36,948</u>	<u>49,083</u>	<u>252,964</u>	<u>73,294</u>
-	-	-	-	-
38,177	-	-	-	-
(449,009)	166,273	(24,185)	(19,518)	(336,404)
-	-	-	-	-
-	-	-	-	-
<u>(410,832)</u>	<u>166,273</u>	<u>(24,185)</u>	<u>(19,518)</u>	<u>(336,404)</u>
<u>\$ (356,546)</u>	<u>\$ 203,221</u>	<u>\$ 24,898</u>	<u>\$ 233,446</u>	<u>\$ (263,110)</u>

**ST. BERNARD PARISH GOVERNMENT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2006**

	Special Revenue			
	Health	Communications	Housing Voucher Program	Contingency Criminal Court "A"
ASSETS				
Cash and cash equivalents	\$ 459,242	\$ 705,478	\$ 2,105,231	\$ (22,238)
Receivables (net of allowances for uncollectibles)				
Ad valorem taxes	121,272	-	-	-
Intergovernmental	4,178	-	-	-
Other	-	65,102	-	-
Special assessments:				
Deferred	-	-	-	-
Due from other funds	-	-	-	-
Prepays	-	-	-	-
Other assets	-	1,008	-	-
Total assets	\$ 584,692	\$ 771,588	\$ 2,105,231	\$ (22,238)
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 49	\$ 8,156	\$ 700	\$ 48
Retainage payable	-	-	-	-
Salaries and payroll deductions payable	-	-	-	2,646
Due to other funds	-	-	-	-
Deferred revenues	-	-	-	-
Total liabilities	49	8,156	700	2,694
Fund balances:				
Reserved for:				
Debt service	-	-	-	-
Encumbrances	-	8,618	-	-
Unreserved, undesignated, reported in:				
Special revenue funds	584,643	754,814	2,104,531	(24,932)
Debt service funds	-	-	-	-
Capital projects funds	-	-	-	-
Total fund balances	584,643	763,432	2,104,531	(24,932)
Total liabilities and fund balances	\$ 584,692	\$ 771,588	\$ 2,105,231	\$ (22,238)

(Continued)

Special Revenue

Human Resources	Urban Mass Transportation Administration	Environmental Mitigation	Deputy Witness Fee	Weatherization
\$ 222,583	\$ 271,645	\$ 9,044	\$ (8,017)	\$ -
-	-	-	-	-
-	8,555	-	-	-
-	20,217	-	4,154	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 222,583</u>	<u>\$ 300,417</u>	<u>\$ 9,044</u>	<u>\$ (3,863)</u>	<u>\$ -</u>
\$ (255)	\$ 1,934	\$ -	\$ 2,800	\$ -
-	-	-	-	-
4,558	18,012	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>4,303</u>	<u>19,946</u>	<u>-</u>	<u>2,800</u>	<u>-</u>
-	-	-	-	-
-	3,099	-	-	-
218,280	277,372	9,044	(6,663)	-
-	-	-	-	-
-	-	-	-	-
<u>218,280</u>	<u>280,471</u>	<u>9,044</u>	<u>(6,663)</u>	<u>-</u>
<u>\$ 222,583</u>	<u>\$ 300,417</u>	<u>\$ 9,044</u>	<u>\$ (3,863)</u>	<u>\$ -</u>

**ST. BERNARD PARISH GOVERNMENT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2006**

	Special Revenue			
	Low Income Home Energy Assistance Program	Daycare	Federal Emergency Management Assistance	Total
ASSETS				
Cash and cash equivalents	\$ 3,416	\$ 7,314	\$ 870	\$ 3,032,915
Receivables (net of allowances for uncollectibles)				
Ad valorem taxes	-	-	-	968,888
Intergovernmental	-	-	-	332,143
Other	-	-	-	159,756
Special assessments:				
Deferred	-	-	-	-
Due from other funds	-	-	-	-
Prepays	-	-	-	11,087
Other assets	-	-	-	2,805
Total assets	\$ 3,416	\$ 7,314	\$ 870	\$ 4,507,594
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 276,270
Retainage payable	-	-	-	-
Salaries and payroll deductions payable	-	-	-	219,428
Due to other funds	-	-	-	50,000
Deferred revenues	-	-	-	74,189
Total liabilities	-	-	-	619,887
Fund balances:				
Reserved for:				
Debt service	-	-	-	-
Encumbrances	-	-	-	49,894
Unreserved, undesignated, reported in:				
Special revenue funds	3,416	7,314	870	3,837,813
Debt service funds	-	-	-	-
Capital projects funds	-	-	-	-
Total fund balances	3,416	7,314	870	3,887,707
Total liabilities and fund balances	\$ 3,416	\$ 7,314	\$ 870	\$ 4,507,594

(Continued)

Debt Service				
<u>Versailles Industrial Park Sinking</u>	<u>Bond Reserve 1977</u>	<u>Bond Reserve 1996</u>	<u>2003 Sales Tax Refunding</u>	<u>1990 and 1997 General Obligation Bond</u>
\$ (23,864)	\$ 2	\$ 879	\$ 296,687	\$ 196,437
-	-	-	-	385,197
-	-	-	-	-
9,154	-	-	-	-
95,254	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 80,544</u>	<u>\$ 2</u>	<u>\$ 879</u>	<u>\$ 296,687</u>	<u>\$ 581,634</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
95,254	-	-	-	-
<u>95,254</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(14,710)	-	-	-	-
-	-	-	-	-
-	2	879	296,687	581,634
-	-	-	-	-
<u>(14,710)</u>	<u>2</u>	<u>879</u>	<u>296,687</u>	<u>581,634</u>
<u>\$ 80,544</u>	<u>\$ 2</u>	<u>\$ 879</u>	<u>\$ 296,687</u>	<u>\$ 581,634</u>

**ST. BERNARD PARISH GOVERNMENT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2006**

	Debt Service			
	Public Improvement Bonds			
	Series 1977 and 1999	Series A, B, C	Community Disaster Loan	Total
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ 687,598	\$ 1,157,739
Receivables (net of allowances for uncollectibles)				
Ad valorem taxes	-	-	-	385,197
Intergovernmental	-	-	-	-
Other	-	-	-	9,154
Special assessments:				
Deferred	-	-	-	95,254
Due from other funds	-	-	-	-
Prepays	-	-	-	-
Other assets	-	-	-	-
Total assets	\$ -	\$ -	\$ 687,598	\$ 1,647,344
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 212,476	\$ 212,476
Retainage payable	-	-	-	-
Salaries and payroll deductions payable	-	-	-	-
Due to other funds	-	-	450,516	450,516
Deferred revenues	-	-	-	95,254
Total liabilities	-	-	662,992	758,246
Fund balances:				
Reserved for:				
Debt service	-	-	-	(14,710)
Encumbrances	-	-	-	-
Unreserved, undesignated, reported in:				
Special revenue funds	-	-	-	-
Debt service funds	-	-	24,606	903,808
Capital projects funds	-	-	-	-
Total fund balances	-	-	24,606	889,098
Total liabilities and fund balances	\$ -	\$ -	\$ 687,598	\$ 1,647,344

(Continued)

Capital Projects					
Urban System Roadway Reconstruction	Capital Projects	Drainage and Siphon	Courthouse Capital	2003 Sales Tax Bonds	Public Improvement Bond Series D, E, F, G
\$ 836,185	\$ 1,365,739	\$ -	\$ 1,737,732	\$ 926,633	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	(4,788)	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 836,185</u>	<u>\$ 1,365,739</u>	<u>\$ -</u>	<u>\$ 1,737,732</u>	<u>\$ 921,845</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
13,635	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>13,635</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
5,000	201,391	-	-	1,444,502	-
-	-	-	-	-	-
-	-	-	-	-	-
817,550	1,164,348	-	1,737,732	(522,657)	-
<u>822,550</u>	<u>1,365,739</u>	<u>-</u>	<u>1,737,732</u>	<u>921,845</u>	<u>-</u>
<u>\$ 836,185</u>	<u>\$ 1,365,739</u>	<u>\$ -</u>	<u>\$ 1,737,732</u>	<u>\$ 921,845</u>	<u>\$ -</u>

**ST. BERNARD PARISH GOVERNMENT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2006**

	Capital Projects			
	911 Communications Construction	1990 General Obligation Bond	Fire District 1-2 C.I. Series Bond	Road District 1 Project Bond
ASSETS				
Cash and cash equivalents	\$ -	\$ 204	\$ -	\$ -
Receivables (net of allowances for uncollectibles)				
Ad valorem taxes	-	-	-	-
Intergovernmental	-	-	-	-
Other	-	-	-	-
Special assessments:				
Deferred	-	-	-	-
Due from other funds	-	-	-	-
Prepays	-	-	-	-
Other assets	-	-	-	-
Total assets	\$ -	\$ 204	\$ -	\$ -
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Retainage payable	-	-	-	-
Salaries and payroll deductions payable	-	-	-	-
Due to other funds	-	-	-	-
Deferred revenues	-	-	-	-
Total liabilities	-	-	-	-
Fund balances:				
Reserved for:				
Debt service	-	-	-	-
Encumbrances	-	-	-	-
Unreserved, undesignated, reported in:				
Special revenue funds	-	-	-	-
Debt service funds	-	-	-	-
Capital projects funds	-	204	-	-
Total fund balances	-	204	-	-
Total liabilities and fund balances	\$ -	\$ 204	\$ -	\$ -

Capital Projects				
Drainage Construction Bonds of 1967 and 1982	Rebuild St. Bernard	Permanent Work	Total	Total Nonmajor Governmental Funds
\$ -	\$ 1,531,938	\$ (659,379)	\$ 5,739,052	\$ 9,929,706
-	-	-	-	1,354,085
-	-	-	-	332,143
-	-	187,555	187,555	356,465
-	-	-	-	95,254
-	-	-	(4,788)	(4,788)
-	-	-	-	11,087
-	-	-	-	2,805
<u>\$ -</u>	<u>\$ 1,531,938</u>	<u>\$ (471,824)</u>	<u>\$ 5,921,819</u>	<u>\$ 12,076,757</u>
\$ -	\$ -	\$ 1,087,181	\$ 1,087,181	\$ 1,575,927
-	-	-	13,635	13,635
-	-	-	-	219,428
-	-	358,447	358,447	858,963
-	-	-	-	169,443
<u>-</u>	<u>-</u>	<u>1,445,628</u>	<u>1,459,263</u>	<u>2,837,396</u>
-	-	-	-	(14,710)
-	-	-	1,650,893	1,700,787
-	-	-	-	3,837,813
-	-	-	-	903,808
-	1,531,938	(1,917,452)	2,811,663	2,811,663
<u>-</u>	<u>1,531,938</u>	<u>(1,917,452)</u>	<u>4,462,556</u>	<u>9,239,361</u>
<u>\$ -</u>	<u>\$ 1,531,938</u>	<u>\$ (471,824)</u>	<u>\$ 5,921,819</u>	<u>\$ 12,076,757</u>

ST. BERNARD PARISH GOVERNMENT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>Special Revenue</u>			
	<u>Civic Auditorium</u>	<u>Criminal Court</u>	<u>Judicial Court Reporter</u>	<u>Council on Aging</u>
REVENUES				
Taxes:				
Ad valorem	\$ -	\$ -	\$ -	\$ 404,155
Other taxes, penalties, interest, etc.	-	-	-	755
Licenses and permits	-	-	-	-
Intergovernmental revenues:				
Federal grants	-	-	-	-
State funds:				
Parish transportation funds	-	-	-	-
State revenue sharing (net)	-	-	-	-
Other	112,143	-	-	-
Fees, charges, and commissions for services	(3,750)	11,139	60,870	-
Fines and forfeitures	-	159,592	15	-
Use of money and property	1,999	-	(2,095)	26,636
Special assessments	-	-	-	-
Other revenues	-	13,609	-	2,210
Total revenues	<u>110,392</u>	<u>184,340</u>	<u>58,790</u>	<u>433,756</u>
EXPENDITURES				
Current:				
General government:				
Judicial	-	-	365,581	-
Finance and administration	-	-	-	-
Other general government	-	184,888	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	392,523
Culture and recreation	154,910	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and service charges	-	-	-	-
Capital outlay	770	-	3,316	-
Total expenditures	<u>155,680</u>	<u>184,888</u>	<u>368,897</u>	<u>392,523</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(45,288)</u>	<u>(548)</u>	<u>(310,107)</u>	<u>41,233</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	85,303	10,775	158,148	7,183
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>85,303</u>	<u>10,775</u>	<u>158,148</u>	<u>7,183</u>
Net change in fund balances	40,015	10,227	(151,959)	48,416
Fund balances - beginning	<u>14,487</u>	<u>148,474</u>	<u>32,323</u>	<u>429,984</u>
Fund balances - ending	<u>\$ 54,502</u>	<u>\$ 158,701</u>	<u>\$ (119,636)</u>	<u>\$ 478,400</u>

(Continued)

Special Revenue				
Community Development	Recreation Department	Road Lighting District No. 1	Workforce Investment Act	District Attorney General
\$ -	\$ 931,666	\$ 520,993	\$ -	\$ -
-	1,740	977	-	-
199,711	-	-	-	-
-	-	-	4,934,193	-
-	-	-	-	-
-	14,522	9,251	-	-
605,333	-	-	-	-
6,677	-	-	-	-
-	-	-	-	-
(11,374)	(30,927)	(16,544)	472	(7,326)
-	-	-	-	-
635	2,350	-	-	138
<u>800,982</u>	<u>919,351</u>	<u>514,677</u>	<u>4,934,665</u>	<u>(7,188)</u>
-	-	-	-	624,353
-	-	-	-	-
-	-	-	4,617,774	-
-	-	-	-	-
-	-	545,950	-	-
1,641,392	-	-	-	-
-	1,121,921	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	340,154	-
<u>1,641,392</u>	<u>1,121,921</u>	<u>545,950</u>	<u>4,957,928</u>	<u>624,353</u>
<u>(840,410)</u>	<u>(202,570)</u>	<u>(31,273)</u>	<u>(23,263)</u>	<u>(631,541)</u>
318,046	277,594	-	-	306,193
-	-	-	-	-
<u>318,046</u>	<u>277,594</u>	<u>-</u>	<u>-</u>	<u>306,193</u>
(522,364)	75,024	(31,273)	(23,263)	(325,348)
111,532	91,247	7,088	3,745	(11,056)
<u>\$ (410,832)</u>	<u>\$ 166,271</u>	<u>\$ (24,185)</u>	<u>\$ (19,518)</u>	<u>\$ (336,404)</u>

ST. BERNARD PARISH GOVERNMENT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006

	Special Revenue			
	Health	Communications	Housing Voucher Program	Contingency Criminal Court "A"
REVENUES				
Taxes:				
Ad valorem	\$ 268,017	\$ -	\$ -	\$ -
Other taxes, penalties, interest, etc.	500	296,437	-	-
Licenses and permits	-	-	-	-
Intergovernmental revenues:				
Federal grants	-	-	1,159,700	-
State funds:				
Parish transportation funds	-	-	-	-
State revenue sharing (net)	2,827	-	-	-
Other	-	-	-	-
Fees, charges, and commissions for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Use of money and property	30,214	57,544	101,839	(629)
Special assessments	-	-	-	-
Other revenues	-	1,721	-	-
Total revenues	<u>301,538</u>	<u>355,702</u>	<u>1,261,539</u>	<u>(629)</u>
EXPENDITURES				
Current:				
General government				
Judicial	-	-	-	40,978
Finance and administration	-	-	-	-
Other general government	-	-	-	-
Public safety	-	209,767	-	-
Public works	-	-	-	-
Health and welfare	153,219	-	1,348	-
Culture and recreation	-	-	-	-
Debt service:				
Principal	-	105,000	-	-
Interest and service charges	-	4,330	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>153,219</u>	<u>319,097</u>	<u>1,348</u>	<u>40,978</u>
Excess (deficiency) of revenues over (under) expenditures	<u>148,339</u>	<u>36,605</u>	<u>1,260,191</u>	<u>(41,607)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	15,682
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,682</u>
Net change in fund balances	148,339	36,605	1,260,191	(25,925)
Fund balances - beginning	<u>436,304</u>	<u>726,827</u>	<u>844,340</u>	<u>993</u>
Fund balances - ending	<u>\$ 584,643</u>	<u>\$ 763,432</u>	<u>\$ 2,104,531</u>	<u>\$ (24,932)</u>

(Continued)

Special Revenue				
Human Resources	Urban Mass Transportation Administration	Environmental Mitigation	Deputy Witness Fee	Weatherization
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
13,142	6,531	-	-	-
-	418,481	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	35,712	-
14,621	(1,212)	699	(1,215)	-
-	-	-	-	-
-	420	-	-	-
27,763	424,220	699	34,497	-
-	-	-	-	-
-	-	-	3,414	-
-	-	-	-	-
-	264,920	-	-	-
-	-	-	-	-
107,679	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	(1,417)	-	-	-
107,679	263,503	-	3,414	-
(79,916)	160,717	699	31,083	-
140,076	114,935	-	-	-
-	-	-	-	(3)
140,076	114,935	-	-	(3)
60,160	275,652	699	31,083	(3)
158,120	4,819	8,345	(37,746)	3
\$ 218,280	\$ 280,471	\$ 9,044	\$ (6,663)	\$ -

ST. BERNARD PARISH GOVERNMENT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006

	Special Revenue			
	Low Income Home Energy Assistance Program	Daycare	Federal Emergency Management Assistance	Total
REVENUES				
Taxes:				
Ad valorem	\$ -	\$ -	\$ -	\$ 2,124,831
Other taxes, penalties, interest, etc.	-	-	-	300,409
Licenses and permits	-	-	-	199,711
Intergovernmental revenues:				
Federal grants	-	-	-	6,113,566
State funds:				
Parish transportation funds	-	-	-	418,481
State revenue sharing (net)	-	-	-	26,600
Other	-	-	-	717,476
Fees, charges, and commissions for services	-	-	-	74,936
Fines and forfeitures	-	-	-	195,319
Use of money and property	265	566	84	163,617
Special assessments	-	-	-	-
Other revenues	-	-	-	21,083
Total revenues	<u>265</u>	<u>566</u>	<u>84</u>	<u>10,356,029</u>
EXPENDITURES				
Current:				
General government				
Judicial	-	-	-	1,034,326
Finance and administration	-	-	-	-
Other general government	-	-	-	5,067,582
Public safety	-	-	-	209,767
Public works	-	-	-	545,950
Health and welfare	-	-	405	2,296,566
Culture and recreation	-	-	-	1,276,831
Debt service:				
Principal	-	-	-	105,000
Interest and service charges	-	-	-	4,330
Capital outlay	-	-	-	342,823
Total expenditures	<u>-</u>	<u>-</u>	<u>405</u>	<u>10,883,175</u>
Excess (deficiency) of revenues over (under) expenditures	<u>265</u>	<u>566</u>	<u>(321)</u>	<u>(527,146)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	1,433,935
Transfers out	-	-	-	(3)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,433,932</u>
Net change in fund balances	265	566	(321)	906,786
Fund balances - beginning	<u>3,151</u>	<u>6,748</u>	<u>1,191</u>	<u>2,980,919</u>
Fund balances - ending	<u>\$ 3,416</u>	<u>\$ 7,314</u>	<u>\$ 870</u>	<u>\$ 3,887,705</u>

(Continued)

Debt Service				
Versailles Industrial Park Sinking	Bond Reserve 1977	Bond Reserve 1996	2003 Sales Tax Refunding	1990 and 1997 General Obligation Bond
\$ -	\$ -	\$ -	\$ -	\$ 904,086
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
1,000	-	45	20,682	(2,152)
24,658	-	-	-	-
-	-	-	-	-
<u>25,658</u>	<u>-</u>	<u>45</u>	<u>20,682</u>	<u>901,934</u>
-	-	-	-	-
-	-	-	-	13,283
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
38,172	-	-	570,000	285,000
2,196	-	-	214,345	37,784
-	-	-	-	-
<u>40,368</u>	<u>-</u>	<u>-</u>	<u>784,345</u>	<u>336,067</u>
(14,710)	-	45	(763,663)	565,867
-	-	-	486,343	-
-	-	-	-	-
-	-	-	<u>486,343</u>	<u>-</u>
(14,710)	-	45	(277,320)	565,867
0	2	834	574,007	15,767
<u>\$ (14,710)</u>	<u>\$ 2</u>	<u>\$ 879</u>	<u>\$ 296,687</u>	<u>\$ 581,634</u>

ST. BERNARD PARISH GOVERNMENT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006

	Debt Service			
	Public Improvement Bonds		Community	
	Series	Series	Disaster	
	1977 and	A, B, C	Loan	Total
	1999			
REVENUES				
Taxes:				
Ad valorem	\$ -	\$ -	\$ -	\$ 904,086
Other taxes, penalties, interest, etc.	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental revenues:				
Federal grants	-	-	-	-
State funds:				
Parish transportation funds	-	-	-	-
State revenue sharing (net)	-	-	-	-
Other	-	-	-	-
Fees, charges, and commissions for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Use of money and property	-	-	-	19,575
Special assessments	-	-	-	24,658
Other revenues	-	-	8,979,262	8,979,262
Total revenues	-	-	8,979,262	9,927,581
EXPENDITURES				
Current:				
General government				
Judicial	-	-	-	-
Finance and administration	-	-	-	13,283
Other general government	-	-	(245,625)	(245,625)
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Debt service:				
Principal	-	-	-	893,172
Interest and service charges	-	-	221,019	475,344
Capital outlay	-	-	-	-
Total expenditures	-	-	(24,606)	1,136,174
Excess (deficiency) of revenues over (under) expenditures	-	-	9,003,868	8,791,407
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	486,343
Transfers out	-	-	(8,979,262)	(8,979,262)
Total other financing sources (uses)	-	-	(8,979,262)	(8,492,919)
Net change in fund balances	-	-	24,606	298,488
Fund balances - beginning	-	-	-	590,610
Fund balances - ending	\$ -	\$ -	\$ 24,606	\$ 889,098

(Continued)

Capital Projects					
Urban System Roadway Reconstruction	Capital Projects	Drainage and Siphon	Courthouse Capital	2003 Sales Tax Bonds	Public Improvement Bond Series D, E, F, G
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
53,060	108,388	-	134,399	73,865	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>53,060</u>	<u>108,388</u>	<u>-</u>	<u>134,399</u>	<u>73,865</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
85	53	-	-	11,635	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	65,733	-	-	-	-
<u>85</u>	<u>65,786</u>	<u>-</u>	<u>-</u>	<u>11,635</u>	<u>-</u>
-	-	-	-	-	-
<u>52,975</u>	<u>42,602</u>	<u>-</u>	<u>134,399</u>	<u>62,230</u>	<u>-</u>
1,753	-	-	-	28,003	-
<u>(1,753)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(28,003)</u>	<u>-</u>
-	-	-	-	-	-
52,975	42,602	-	134,399	62,230	-
<u>769,575</u>	<u>1,323,137</u>	<u>-</u>	<u>1,603,333</u>	<u>859,615</u>	<u>-</u>
<u>\$ 822,550</u>	<u>\$ 1,365,739</u>	<u>\$ -</u>	<u>\$ 1,737,732</u>	<u>\$ 921,845</u>	<u>\$ -</u>

ST. BERNARD PARISH GOVERNMENT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006

	Capital Projects			
	911 Communications Construction	1990 General Obligation Bond	Fire District 1-2 C.I. Series Bond	Road District 1 Project Bond
REVENUES				
Taxes:				
Ad valorem	\$ -	\$ -	\$ -	\$ -
Other taxes, penalties, interest, etc.	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental revenues:				
Federal grants	-	-	-	-
State funds:				
Parish transportation funds	-	-	-	-
State revenue sharing (net)	-	-	-	-
Other	-	-	-	-
Fees, charges, and commissions for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Use of money and property	-	15	-	-
Special assessments	-	-	-	-
Other revenues	-	-	-	-
Total revenues	-	15	-	-
EXPENDITURES				
Current:				
General government				
Judicial	-	-	-	-
Finance and administration	-	-	-	-
Other general government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and service charges	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	15	-	-
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	15	-	-
Fund balances - beginning	-	189	-	-
Fund balances - ending	\$ -	\$ 204	\$ -	\$ -

Capital Projects				Total Nonmajor Governmental Funds
Drainage Construction Bonds of 1967 and 1982	Rebuild St. Bernard	Permanent Work	Total	
\$ -	\$ -	\$ -	\$ -	\$ 3,028,917
-	-	-	-	300,409
-	-	-	-	199,711
-	-	7,442,663	7,442,663	13,556,229
-	-	-	-	418,481
-	-	-	-	26,600
-	-	-	-	717,476
-	-	-	-	74,936
-	-	-	-	195,319
-	89,277	-	459,004	642,196
-	-	-	-	24,658
-	105,500	-	105,500	9,105,845
-	194,777	7,442,663	8,007,167	28,290,777
-	-	-	-	1,034,326
-	-	-	-	13,283
-	-	7,434,744	7,434,744	12,256,701
-	-	-	-	209,767
-	-	-	11,773	557,723
-	-	-	-	2,296,566
-	-	-	-	1,276,831
-	-	-	-	998,172
-	-	-	-	479,674
-	-	1,096,922	1,162,655	1,505,478
-	-	8,531,666	8,609,172	20,628,521
-	194,777	(1,089,003)	(602,005)	7,662,256
-	-	(358,336)	(328,580)	1,591,698
-	-	73,698	43,942	(8,935,323)
-	-	(284,638)	(284,638)	(7,343,625)
-	194,777	(1,373,641)	(886,643)	318,631
-	1,337,161	(543,811)	5,349,199	8,920,728
\$ -	\$ 1,531,938	\$ (1,917,452)	\$ 4,462,556	\$ 9,239,359

**ST. BERNARD PARISH GOVERNMENT
NONMAJOR ENTERPRISE FUND DESCRIPTIONS
DECEMBER 31, 2006**

Water District No. 1

This fund is used to account for the ad valorem taxes and state revenue sharing monies received for the maintenance, operations, and debt service of its district. The portion of monies relating to maintenance and operations are transferred to the Division, which pays the operating expenses of Water District No. 1.

Water District No. 2

This fund is used to account for the ad valorem taxes and state revenue sharing monies received for the maintenance, operations, and debt service of its district. The portion of monies relating to maintenance and operations are transferred to the Division, which pays the operating expenses of Water District No. 1.

Sewer District No. 1

This fund is used to account for the ad valorem taxes and state revenue sharing monies received for the maintenance, operations, and debt service of its district. The portion of monies relating to maintenance and operations are transferred to the Division, which pays the operating expenses of Sewer District No. 1.

Sewer District No. 2

This fund is used to account for the ad valorem taxes and state revenue sharing monies received for the maintenance, operations, and debt service of its district. The portion of monies relating to maintenance and operations are transferred to the Division, which pays the operating expenses of Sewer District No. 2.

ST. BERNARD PARISH GOVERNMENT
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2006

	<u>Water District No. 1</u>	<u>Water District No. 2</u>	<u>Sewerage District No. 1</u>	<u>Sewerage District No. 2</u>	<u>Total Nonmajor Enterprise Funds</u>
ASSETS					
Current assets:					
Restricted Assets:					
Cash and cash equivalents:					
Other debt service accounts	\$ 92,575	\$ 125,845	\$ 10,945	\$ 106,969	\$ 336,334
Total restricted assets	<u>92,575</u>	<u>125,845</u>	<u>10,945</u>	<u>106,969</u>	<u>336,334</u>
Total current assets	<u>92,575</u>	<u>125,845</u>	<u>10,945</u>	<u>106,969</u>	<u>336,334</u>
Capital assets (net of accumulated depreciation)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>92,575</u>	<u>125,845</u>	<u>10,945</u>	<u>106,969</u>	<u>336,334</u>
LIABILITIES					
Current liabilities:					
Total current liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Current liabilities payable from restricted assets:					
Total current liabilities payable from restricted assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Noncurrent liabilities:					
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET ASSETS					
Restricted for:					
Debt service	<u>92,575</u>	<u>125,845</u>	<u>10,945</u>	<u>106,969</u>	<u>336,334</u>
Total net assets	<u>\$ 92,575</u>	<u>\$ 125,845</u>	<u>\$ 10,945</u>	<u>\$ 106,969</u>	<u>\$ 336,334</u>

ST. BERNARD PARISH GOVERNMENT
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006

	Water District No. 1	Water District No. 2	Sewerage District No. 1	Sewerage District No. 2	Total Nonmajor Enterprise Funds
OPERATING REVENUES					
Total operating revenues	\$ -	\$ -	\$ -	\$ -	\$ -
OPERATING EXPENSES					
Total operating expenses	-	-	-	-	-
Operating loss	-	-	-	-	-
NONOPERATING REVENUES (EXPENSES)					
Ad valorem tax for debt retirement	-	-	931	-	931
Interest earnings:					
Restricted assets	1,311	2,427	43	2,032	5,813
Deductions from taxes	-	-	-	1,716	1,716
Total nonoperating revenues (expenses)	1,311	2,427	974	3,748	8,460
Income (loss) before transfers	1,311	2,427	974	3,748	8,460
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Change in net assets	1,311	2,427	974	3,748	8,460
Total net assets - beginning	91,264	123,418	9,971	103,221	327,874
Total net assets - ending	<u>\$ 92,575</u>	<u>\$ 125,845</u>	<u>\$ 10,945</u>	<u>\$ 106,969</u>	<u>\$ 336,334</u>

**ST. BERNARD PARISH GOVERNMENT
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Water District No. 1</u>	<u>Water District No. 2</u>	<u>Sewerage District No. 1</u>	<u>Sewerage District No. 2</u>	<u>Total Nonmajor Enterprise Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES:					
Payments to suppliers	\$ -	\$ -	\$ -	\$ -	\$ -
Net cash used by operating activities	-	-	-	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Receipts from ad valorem taxes - debt retirement	-	-	931	1,716	2,647
Net cash used by capital and related financing activities	-	-	931	1,716	2,647
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest on cash management activities	1,311	2,427	43	2,032	5,813
Net cash provided by investing activities	1,311	2,427	43	2,032	5,813
Net increase (decrease) in cash and cash equivalents	1,311	2,427	974	3,748	8,460
Cash and cash equivalents - beginning	91,264	123,418	9,971	103,221	327,874
Cash and cash equivalents - ending	<u>\$ 92,575</u>	<u>\$ 125,845</u>	<u>\$ 10,945</u>	<u>\$ 106,969</u>	<u>\$ 336,334</u>
Classified as:					
Restricted cash and cash equivalents:					
Other debt service accounts	<u>\$ 92,575</u>	<u>\$ 125,845</u>	<u>\$ 10,945</u>	<u>\$ 106,969</u>	<u>\$ 336,334</u>
Reconciliation of operating income to net cash used by operating activities:					
Operating loss	\$ -	\$ -	\$ -	\$ -	\$ -
Adjustments to reconcile operating loss to net cash used by operating activities:					
Amortization	-	-	-	-	-
Decrease in accounts payable and other accruals	-	-	-	-	-
Total adjustments	-	-	-	-	-
Net cash used by operating activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**ST. BERNARD PARISH GOVERNMENT
INTERNAL SERVICE FUND DESCRIPTIONS
DECEMBER 31, 2006**

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

Self Insurance Fund

The Self-Insurance Fund accounts for monies accumulated to provide automobile, property damage and worker's compensation for which the Parish is self-insured.

Water & Sewer Self Insurance Fund

The Water & Sewer Self Insurance Fund accounts for monies accumulated to provide automobile, property damage and worker's compensation for which the Division is self-insured.

**ST. BERNARD PARISH GOVERNMENT
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
DECEMBER 31, 2006**

	<u>Self Insurance</u>	<u>Water and Sewer Self Insurance</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 3,075,062	\$ 877,364	\$ 3,952,426
Investments	267,332	-	267,332
Due from other funds	50,000	(3,780)	46,220
Prepays	(25,481)	(9,276)	(34,757)
Total assets	<u>3,366,913</u>	<u>864,308</u>	<u>4,231,221</u>
LIABILITIES			
Accounts payable	32,870	4,976	37,846
Self insurance claims payable	2,694,023	868,252	3,562,275
Due to other funds	(3,780)	-	(3,780)
Total liabilities	<u>2,723,113</u>	<u>873,228</u>	<u>3,596,341</u>
NET ASSETS			
Restricted	<u>643,800</u>	<u>(8,920)</u>	<u>634,880</u>
Total net assets	<u>\$ 643,800</u>	<u>\$ (8,920)</u>	<u>\$ 634,880</u>

ST. BERNARD PARISH GOVERNMENT
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>Self Insurance</u>	<u>Water and Sewer Self Insurance</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services	\$ 1,001,577	\$ -	\$ 1,001,577
Other operating revenues	37,026	-	37,026
Total operating revenues	<u>1,038,603</u>	<u>-</u>	<u>1,038,603</u>
OPERATING EXPENSES			
Personal services and related benefits	17,193	1,201	18,394
Professional services	61,414	3,546	64,960
Insurance premiums	989,129	162,358	1,151,487
Insurance and claims expense	197,793	12,642	210,435
Other	10,834	-	10,834
Total operating expenses	<u>1,276,363</u>	<u>179,747</u>	<u>1,456,110</u>
Operating loss	<u>(237,760)</u>	<u>(179,747)</u>	<u>(417,507)</u>
NONOPERATING REVENUES (EXPENSES)			
Interest earnings and service charges	89,216	32,549	121,765
Total nonoperating revenues (expenses)	<u>89,216</u>	<u>32,549</u>	<u>121,765</u>
Loss before transfers	(148,544)	(147,198)	(295,742)
Transfers in	5,000	-	5,000
Transfers out	<u>(5,000)</u>	<u>-</u>	<u>(5,000)</u>
Change in net assets	(148,544)	(147,198)	(295,742)
Total net assets - beginning	<u>792,344</u>	<u>138,278</u>	<u>930,622</u>
Total net assets - ending	<u>\$ 643,800</u>	<u>\$ (8,920)</u>	<u>\$ 634,880</u>

**ST. BERNARD PARISH GOVERNMENT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Self Insurance</u>	<u>Water and Sewer Self Insurance</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers	\$ 1,024,946	\$ 7,400	\$ 1,032,346
Payments to suppliers	(1,371,837)	(377,702)	(1,749,539)
Other operating payments	(264,502)	(1,041,169)	(1,305,671)
Payments from and payments for interfund services	181,523	1,250,207	1,431,730
Net cash provided (used) by operating activities	<u>(429,870)</u>	<u>(161,264)</u>	<u>(591,134)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of investments	47,728	-	47,728
Interest on cash management activities	89,216	32,549	121,765
Net cash provided (used) by investing activities	<u>136,944</u>	<u>32,549</u>	<u>169,493</u>
Net increase (decrease) in cash and cash equivalents	(292,926)	(128,715)	(421,641)
Cash and cash equivalents - beginning	<u>3,367,988</u>	<u>1,006,079</u>	<u>4,374,067</u>
Cash and cash equivalents - ending	<u>\$ 3,075,062</u>	<u>\$ 877,364</u>	<u>\$ 3,952,426</u>
Classified as:			
Cash and cash equivalents	<u>\$ 3,075,062</u>	<u>\$ 877,364</u>	<u>\$ 3,952,426</u>
Reconciliation of operating income (loss) to net cash used by operating activities:			
Operating income (loss)	\$ (237,760)	\$ (179,747)	\$ (417,507)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
(Increase) decrease in receivables	-	-	-
Decrease in due from (to) other funds	(7,560)	(11,045)	(18,605)
(Increase) decrease in prepaid expenses	89,392	22,116	111,508
Decrease in accounts payable and accruals	(273,942)	7,412	(266,530)
Increase in self insurance claims payable	-	-	-
Total adjustments	<u>(192,110)</u>	<u>18,483</u>	<u>(173,627)</u>
Net cash provided (used) by operating activities	<u>\$ (429,870)</u>	<u>\$ (161,264)</u>	<u>\$ (591,134)</u>

**ST. BERNARD PARISH GOVERNMENT
SCHEDULE OF COUNCIL MEMBERS COMPENSATION
FOR THE YEAR ENDED DECEMBER 31, 2006**

Joseph S. DiFatta, Jr., Chairman	\$ 7,200
Lynn B. Dean, Councilman at Large (East)	323
Mark Madary, District A	7,200
Judy Darby Hoffmeister, District B	7,200
Kenneth Henderson, District C	7,200
Craig P. Taffaro, Jr., District D	7,200
Tony Ricky Melerine, District E	<u>7,200</u>
Total	<u>\$ 43,523</u>

The schedule of compensation paid to parish council members was prepared in compliance with Home Rule Charter, Section 2-05 Compensation. According to the Charter, the compensation of the first council members elected under this charter shall be \$7,200 per annum. The chairman of the council will receive \$1,200 per annum in addition to the regular annual compensation. The salary of the President of the parish government shall be \$70,000 per annum.

**ST. BERNARD PARISH GOVERNMENT
SCHEDULE OF COMPUTATION OF THE RATIO OF
NET REVENUES (EXCLUDING WATER AND SEWER DISTRICTS)
TO AVERAGE ANNUAL DEBT SERVICE REQUIREMENT OF WATER & SEWER REVENUE BONDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

We are unable to provide this information as a result of effects from Hurricane Katrina.

**ST. BERNARD PARISH GOVERNMENT
WIRELESS EMERGENCY 911 SERVICES (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2006**

Act 1029 of 1999 amends and reenacts Louisiana Revised Statutes (R.S.) 33:9101 through 9131 relative to communication districts. The act authorizes the governing authority of a communication district to levy an emergency telephone service charge on certain wireless communication systems to pay the costs of implementing FCC ordered enhancements to Emergency 911 systems.

The Parish has levied an emergency telephone service charge in the amount of \$.85 per month per wireless CMRS Service connection provided for by Act 1029 with each Commercial Mobile Radio Service supplier.

We were unable to determine the gross tax revenues for Emergency 911 for the year ended December 31, 2006 due to the aftermath of Hurricane Katrina.

**ST. BERNARD PARISH GOVERNMENT
SCHEDULE OF METERED CUSTOMERS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2006**

We were unable to determine metered customers of the St. Bernard Parish Government Department of Public Works Water and Sewer Division for the year ended December 31, 2006 as a result of the aftermath of Hurricane Katrina.

SINGLE AUDIT SECTION

REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS

A PROFESSIONAL CORPORATION

3501 N. Causeway Blvd. • Suite 810 • P.O. Box 6952 • Metairie, LA 70009
Phone (504) 837-9116 • Fax (504) 837-0123 • E-mail rebowe@rebowe.com

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the St. Bernard Parish Council
Chalmette, Louisiana

We were engaged to audit the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the St. Bernard Parish Government (the "Parish"), State of Louisiana, as of and for the year ended December 31, 2006, which collectively comprise the Parish's basic financial statements and have issued our report thereon dated October 29, 2007. We do not express an opinion on the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information because the basic accounting and reporting systems for revenues, receivables, disbursements, accounts payable, accrued liabilities, payroll, and fixed assets were not effective during the year ended December 31, 2006 which resulted in inadequate accounting records. Also, sufficient competent evidential matter was either lost or destroyed due to the aftermath of Hurricane Katrina and was not available to support revenue, expenditures/expenses and capital asset account balances.

Internal Control Over Financial Reporting

Because of the reasons described in the first paragraph, we were unable to consider the Parish's internal control over financial reporting.

Compliance and Other Matters

For the reasons described in the first paragraph, we were unable to perform tests of the Parish's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

This report is intended solely for the information and use of the Administration of the St. Bernard Parish Government, the St. Bernard Parish Council, the State of Louisiana, the Legislative Auditor of the State of Louisiana, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Rebowe & Company

October 29, 2007

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CERTIFIED PUBLIC ACCOUNTANTS
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A PROFESSIONAL CORPORATION

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the St. Bernard Parish Council
Chalmette, Louisiana

Compliance

We were engaged to audit the compliance of the St. Bernard Parish Government (the "Parish"), State of Louisiana, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2006. The Parish's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Parish's management.

The basic accounting and reporting systems for revenues, receivables, disbursements, accounts payable, accrued liabilities, payroll, and fixed assets were not effective during the year ended December 31, 2006 which resulted in inadequate records. Also, sufficient competent evidential matter was either lost or destroyed due to the aftermath of Hurricane Katrina and was not available to support the transactions of its major federal programs and, thus, did not permit the application of certain necessary audit procedures.

Because of the reasons described in the second paragraph, we were not able to obtain sufficient competent evidential matter to document and support activities allowed or unallowed, allowable costs/cost principles, cash management, eligibility, equipment and real property management, matching, level of effort, period of availability of funds, procurement and suspension and debarment, program income, reporting, subrecipient monitoring, and special tests and provisions. Therefore, we do not express an opinion of the Parish's compliance with requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2006. See Finding 06-01 in the Schedule of Findings and Questioned Costs.

Internal Control Over Compliance

The management of the Parish is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. Because of the reasons described in the second paragraph, we were unable to consider the Parish's internal control over compliance requirements that could have a direct and material effect on a major federal program.

This report is intended solely for the information of the Administration of the St. Bernard Parish Government, the St. Bernard Parish Council, the State of Louisiana, the Legislative Auditor of the State of Louisiana, federal awarding agencies and pass-through entities and is not intended to be used and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Rebowe & Company

October 29, 2007

**ST. BERNARD PARISH GOVERNMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

Federal Grantor/Pass-Through or Grantor/Program or Cluster Title	Federal CFDA Number	Grant Number	Federal Expenditures
U.S. Department of Homeland Security			
<i>Pass - Through Louisiana Military Department Office of Homeland Security and Emergency Preparedness</i>			
Federal Emergency Management Agency -			
Community Disaster Loan Program	97.030	2006-LF-1603LA05	\$ 4,098,803
Disaster Grants - Public Assistance	97.036	FEMA-LA-DR1603	197,217,812
Office of Domestic Preparedness -			95,880
Interoperable Communications - Weatherbug Tower, Antenna, and Weather Station			17,503
Emergency Response After Action Report (Katrina)	97.008	2004-GE-T4-0004	37,000
Homeland Security - Unidentifiable Grants	97.080		13,316
Assistance to Fire Fighters	97.044		87,165
Total U.S. Department of Homeland Security Grants			201,567,479
U.S. Department of Labor			
<i>Pass - Through Louisiana Department of Labor:</i>			
Workforce Investment Act - Adult Title I-B	17.268	WIA Grant #10	618,971
Workforce Investment Act - Youth Program	17.259	WIA Grant #10	125,843
Workforce Investment Act - Dislocated Worker IA - Admin.	17.260	WIA Grant #10	308,959
Workforce Investment Act - Administrative Pool	17.260	WIA Grant #10	112,982
Workforce Investment Act - Incentive 3	17.266	CFMS641299	48,340
Workforce Investment Act - Incentive 2	17.266	CFMS620833	27,055
Workforce Investment Act - STEP	27.001	CFMS610360	45,962
Workforce Investment Act - H1B Grant	17.261	CFMS632514	30,000
Workforce Investment Act - Katrina Program	17.260	630897	3,538,158
Total U.S. Department of Labor			4,856,270
U.S. Department of Natural Resources			
Coastal Zone Management Grants	11.419	2515-06-04	44,000
Total U.S. Department of Natural Resources			44,000
Total Expenditures of Federal Awards			\$ 206,467,749

The accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**ST. BERNARD PARISH GOVERNMENT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

NOTE 1 - SCOPE OF AUDIT PURSUANT TO *GOVERNMENT AUDITING STANDARDS*, OMB CIRCULAR A-133, "AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS" AND THE SINGLE AUDIT ACT OF 1984 AND 1996 AMENDMENTS

All federal grant operations of the St. Bernard Parish Government, are included in the scope of the single audit. Those programs which were major grants and which were selected for specific testing were:

FEMA Community Disaster Loan Program (CFDA 97.030)
FEMA Disaster Relief Grant (CFDA No. 97.036)
U.S. Department of Labor - Workforce Investment Act (CFDA 17.260)

NOTE 2 - FISCAL PERIOD AUDIT

Single audit testing procedures were performed for program transactions occurring during the year ended December 31, 2006.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards has been prepared on the accrual basis of accounting. Grant revenues are recorded for financial reporting purposes when the Parish has met the qualifications for the respective grants. Several programs are funded jointly by State of Louisiana appropriations and federal funds. Costs incurred in programs partially funded by federal grants are applied against federal grant funds to the extent of revenue available when they properly apply to the grant.

ACCRUED AND DEFERRED REIMBURSEMENT

Various reimbursement procedures are used for federal awards received by the Parish. Consequently, timing differences between expenditures and program reimbursements can exist at the beginning and end of the year. Accrued balances at year end represent an excess of reimbursable expenditures over cash reimbursements and expenditures will be reversed in the remaining grant period.

PAYMENTS TO SUBRECIPIENTS

The Parish did not make any payments to subrecipients for the year ended December 31, 2006.

**ST. BERNARD PARISH GOVERNMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2006**

A - Summary of Auditor's Results

1. The auditor's report expresses a disclaimer of opinion on the financial statements of the St. Bernard Parish Government.
2. No reportable conditions in internal control over financial reporting are reported in the *Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of St. Bernard Parish Government, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. One reportable condition relating to the audit of the major federal award programs is reported in the *Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133*.
5. The auditor's report on compliance for the major federal award programs for the St. Bernard Parish Government expresses a disclaimer of opinion on all major federal programs.
6. There was one finding that is required to be reported in accordance with Section 510(a) of OMB Circular A-133.
7. The following programs were identified as major programs:

<u>CFDA Number</u>	<u>Name of Federal Program (or Cluster)</u>
97.030	FEMA Community Disaster Loan Program
97.036	FEMA Disaster Relief Grant
17.260	U.S. Department of Labor - Workforce Investment Act

8. The threshold for distinguishing Types A and B programs was \$3,000,000.
9. St. Bernard Parish Government did not qualify as a low-risk auditee.
10. A management letter was issued for the year ended December 31, 2006.

**ST. BERNARD PARISH GOVERNMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2006**

B - Findings - Financial Statement Audit

The basic accounting and reporting systems for revenues, receivables, disbursements, accounts payable, accrued liabilities, payroll, and fixed assets were not effective during the year ended December 31, 2006 which resulted in inadequate records. Also, sufficient competent evidential matter was either lost or destroyed due to the aftermath of Hurricane Katrina. As a result, we were unable to consider the Parish's internal control over financial reporting, nor were we able to perform tests of the Parish's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on financial statement amounts.

C - Findings and Questioned Costs - Major Federal Award Program Audit

Finding 06-01

Condition - The basic accounting and reporting systems for revenues, receivables, disbursements, accounts payable, accrued liabilities, payroll, and fixed assets were not effective during the year ended December 31, 2006, which resulted in inadequate records. Also, sufficient competent evidential matter was either lost or destroyed due to the aftermath of Hurricane Katrina and was not available to support the transactions of its major federal programs and, thus, did not permit the application of certain necessary audit procedures.

Criteria - OMB Circular A-133 *Compliance Supplement* has compliance requirements that are applicable to federal award programs of the Parish.

Effect - We cannot determine if the Parish is in compliance with the requirements of OMB Circular A-133 *Compliance Supplement*.

Cause - The basic accounting and reporting systems for the Parish were not maintained for the year ended December 31, 2006 and some records were lost or destroyed due to the aftermath of Hurricane Katrina.

Because of the reasons described above, we were not able to obtain sufficient competent evidential matter to document and support activities allowed or unallowed, allowable costs/cost principles, cash management, eligibility, equipment, and real property management, matching, level of effort, period of availability of funds, procurement and suspension and debarment, program income, reporting, and special tests and provisions. Therefore, we do not express an opinion of the Parish's compliance with requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2006.

**ST. BERNARD PARISH GOVERNMENT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2006**

Findings - Financial Statement Audit

Compliance

Finding 05-01

Condition - The basic accounting and reporting systems for revenues, receivables, disbursements, accounts payable, accrued liabilities, payroll, and fixed assets were not effective during the year ended December 31, 2005, which resulted in inadequate records. Also, sufficient competent evidential matter was either lost or destroyed due to the effects of Hurricane Katrina and was not available to support the transactions of its major federal programs and, thus, did not permit the application of certain necessary audit procedures.

Criteria - OMB Circular A-133 *Compliance Supplement* has compliance requirements that are applicable to federal award programs of the Parish.

Effect - We cannot determine if the Parish is in compliance with the requirements of OMB Circular A-133 *Compliance Supplement*.

Cause - The basic accounting and reporting systems for the Parish were not maintained for the year ended December 31, 2005 and some records were lost or destroyed due to the effects of Hurricane Katrina.

Because of the reasons described above, we were not able to obtain sufficient competent evidential matter to document and support activities allowed or unallowed, allowable costs/cost principles, cash management, eligibility, equipment, and real property management, matching, level of effort, period of availability of funds, procurement and suspension and debarment, program income, reporting, and special tests and provisions. Therefore, we do not express an opinion of the Parish's compliance with requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2005.

Current Status - This finding has not been resolved. See finding 06-01.

**ST. BERNARD PARISH GOVERNMENT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2006**

Management Letter

1. Bank Reconciliations

Observation:

Bank statements in some instances were accumulated for several months before they were reconciled to the appropriate general ledger account for the year ended December 31, 2005. As of April 2006, bank accounts for December 2005 had not been reconciled by the Accounting Department. Not reconciling the accounts on a monthly basis means that errors or other problems might not be recognized and resolved in a timely manner.

Recommendation:

We recommend that all bank accounts be reconciled prior to preparation of monthly financial statements and within thirty (30) days of month end.

Current Status:

This finding has not been resolved. See 2006 Observation #1.

2. Basis of Accounting

Observation:

For the year ended December 31, 2005, the Parish did not prepare its financial statements on the appropriate basis of accounting as required by governmental accounting principles. It appears that the financial statements were prepared on the basis of cash receipts and disbursements, whereby certain revenues and the related assets are recognized when received, and expenses are recognized when paid. Receivables, prepaid expenses, inventories, allowances, payables, deferred and accrued liabilities, and reserves were not recorded or adjusted in most cases during the year. In many instances, the Parish's financial statements at December 31, 2005 reflected the same account balances as for the year ended December 31, 2004. In other words, these balances had not been adjusted for the entire year. Beginning fund balances for many funds did not agree to the 2004 audited fund balances. Records for 2005 were generally incomplete and inaccurate for most accounts. Monthly financial statements provided to the Administration and the Parish Council were inaccurate and incomplete based on our analysis.

Recommendation:

We recommend that the Parish maintain its accounting records on the basis of accounting required by governmental accounting principles. Governmental fund financial statements should be maintained on the modified accrual basis of accounting. Business-type fund financial statements should be maintained on the accrual basis of accounting.

Current Status:

This finding has not been resolved. See 2006 Observation #2.

3. Capital Assets

Observation:

Fixed asset records were not maintained properly during the year. After Hurricane Katrina, the capital assets records were not adjusted to reflect losses and damages from Katrina. Also, additions to capital assets were not properly recorded during 2005 in many instances. Depreciation expense could not be determined for the year ended December 31, 2005 as the current accounting personnel are not familiar with the capital asset computer

**ST. BERNARD PARISH GOVERNMENT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2006**

program. Infrastructure assets (road, bridges, buildings, etc.) have not been reassessed for damages and revalued due to the damages from Hurricane Katrina.

Recommendation:

We recommend that the Parish begin the process of inventorying fixed assets as most of the Parish's fixed assets were either destroyed or damaged by Hurricane Katrina. Capital assets inventories for furniture, equipment, vehicles, should be performed by all departments and fixed asset records should be updated based on those inventories. Infrastructure asset records for buildings, roads, etc. need to be updated and the values of the infrastructure assets should be revised due to damages from Hurricane Katrina. Consideration should be given to contracting an asset valuation company to perform this assessment and revaluation.

Current Status:

This finding has not been resolved. See 2006 Observation #3.

4. Federal Funds

Observation:

Records were not available relating to most of the federal funds received by the Parish. Expenditures of federal awards could not be determined in many cases and some of the records appear to have been misplaced or lost after Hurricane Katrina. Also, FEMA federal funds were not recorded in accordance with governmental accounting principles in the general ledger and expenditures could not be determined for the year ended December 31, 2005. OMB Circular A-133 *Compliance Supplement* has compliance requirements that are applicable to each of the federal award programs. As the records were not available for the expenditures of federal awards for the year ended December 31, 2005, we could not determine if the Parish was in compliance with the requirements of OMB Circular A-133 *Compliance Supplement*.

Recommendation:

We recommend that the Parish improve its internal controls over federal award programs. The Parish should consider implementing a grant management accounting system to ensure compliance with federal funds requirements.

Current Status:

This finding has not been resolved. See 2006 Observation #4.

5. Payroll

Observation:

During our testing of the payroll records of the Parish for the year ended December 31, 2005, we noted the following exceptions:

- We observed several instances in which the number of hours worked per employee timesheets did not agree to the number of hours worked per the payroll sub-ledger.
- We noted several instances in which the department Supervisor's timesheets were not being reviewed and approved.
- We noted that the payroll policy from the first payroll in September 2005 until the payroll ended April 14, 2006 was that firefighters are paid 80 hours straight time and 64 hours overtime for each two week period regardless of the number of hours they worked. Therefore, when we selected individual timesheets, we noted several instances where hours worked per employee timesheets did not agree to hours paid per the payroll sub-ledger.

**ST. BERNARD PARISH GOVERNMENT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2006**

- We noted several instances where the approved pay rate per the human resource personnel file did not agree to the pay rate per the payroll sub-ledger.
- We noted several instances where the only supporting record in the human resource personnel file for temporary workers was an excel spreadsheet.
- We noted several instances where no time sheets were available to document hours worked.

Recommendation:

We recommend that internal controls over payroll be strengthened and that payroll controls be included in any disaster recovery plans of the Parish.

Current Status:

This finding has not been resolved. See 2006 Observation #5.

6. *Water and Sewer Public Works Department*

Observation:

Water and sewer customer records were lost as a result of Hurricane Katrina. Also, the computerized records for the periods prior to August 29, 2005 could not be retrieved; therefore, the records could not be reproduced.

Recommendation:

We recommend that procedures be implemented to prepare for future catastrophic events to avoid the loss of records.

Current Status:

This finding has been resolved.

7. *Comments from the Office of Inspector General Report*

Observation:

The following reportable conditions relating to non-compliance with Federal requirements, claims for ineligible or unreasonable costs, and other opportunities for improved controls were obtained from a report prepared by the Office of Inspector General (OIG) that is dated November 30, 2006:

- St. Bernard Parish awarded a non-competitive contract for debris removal monitoring activities without performing a cost or price analysis of the contract.
- The State reimbursed St. Bernard Parish for ineligible cuts of hanging branches from trees. A FEMA review reported that nearly 50% of the cuts claimed between December 6, 2005 and February 6, 2006 resulted in questioned costs of \$209,115 reimbursed under project worksheet numbers 2050 and 3078.
- In February 2006, FEMA officials, located in St. Bernard Parish, performed a review of hanger cuts claimed during the period December 6, 2005 through February 6, 2006 and noted 1,677 discrepancies in the number of cuts claimed.
- Costs claimed by the Parish's monitoring contractor were excessive for certain activities related to the monitoring of debris removal. The rates per hour charged by the monitoring contractor officials were not reasonable for the monitoring of work performed. In addition, some of the direct costs claimed appeared to be for general management activities. The review identified unreasonable or duplicative claims in the amount of \$84,600.

**ST. BERNARD PARISH GOVERNMENT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2006**

- Improvements were needed to the process for handling load tickets for debris removal. The load tickets management process contained an internal control weakness that could allow bogus tickets to be processed without being detected. As a result, inflated invoices could be approved and the contractor could get paid for debris that was not removed from the Parish.
- Visual inspections of individual trucks did not result in accurate judgments of the cubic yards of debris hauled to the temporary landfills.

Recommendation:

We recommend that all findings from this report be investigated and procedures should be implemented to correct these findings.

Current Status:

This finding has been partially resolved. All findings have been investigated by the Parish. Findings that had opportunities for improved controls have been implemented since April 2006. See 2006 Observation #7.

8. *Comments from the Office of Homeland Security Report*

Observation:

The following reportable conditions relating to improper allocation of costs and ineligibility of costs, noncompliance with federal contracting procedures, and accountability for capital asset purchases were obtained from a report prepared by the Office of Homeland Security that is dated September 28, 2006:

- The Parish's accounting system did not meet federal requirements to maintain records for each approved project and that only eligible costs are charged to the project. Title 44, Code of Federal Regulations, 206.205, requires a project-by-project accounting for eligible costs. If not corrected, this method may result in substantial errors in the Parish's final claim for reimbursement.
- The Parish only established one disaster fund account (Number 500) and charged expenditures for different project worksheets to that same account. Further the Parish did not identify the project worksheet number or project description for items charged to that account.
- The Parish incorrectly certified as eligible the following costs to justify their expedited funding for project worksheet number 8:
 - a. Vehicle replacement costs of \$1,584,477.
 - b. Direct administrative expenses of more than \$130,000 as part of temporary payroll expenses and \$247,000 as part of their permanent payroll. These costs are not eligible because administrative costs are covered by a statutory administrative allowance under 44 CFR 206.228 (a) (2) (ii).
 - c. Sales taxes of \$249,636 on trailer and mobile home purchases. The State of Louisiana Revised Statutes 47:301(8) provides a sales tax exemption to Parish governments. Therefore, the Parish is not entitled to claim these charges for FEMA reimbursement.
 - d. Payment of \$426,920 for 26 trailers that were not delivered to the Parish Government. Although a refund was received by the Parish from the contractor, the Parish had not made an adjustment in accounting of costs for project worksheet number 8.
- The Parish did not award or administer its large disaster procurements according to federal requirements of 44 CFR 13.36. The Parish has reported costs paid under these contracts as of January 2006 as support for the expedited funding received under project worksheet number 8. Four procurements were selected for review and the following deficiencies included:
 - a. No written contract or similar document prior to delivery of service.
 - b. No cost or price analysis.

**ST. BERNARD PARISH GOVERNMENT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2006**

- c. Vague or undefined scope of work and no period of performance.
 - d. Ineligible contracting methodology.
 - e. Indefinite pricing.
 - f. No monitoring of contractor performance.
- The Parish did not maintain complete accountability for trailers and mobile homes purchased and included as support for expedited funding received for project worksheet number 8. The Parish's inventory list contained only 591 trailers and mobile homes, whereas payment was made to two contractors for 735 units during the audit period. This leaves 144 units unaccounted for at an estimated cost of more than \$2,490,000.

Recommendation:

We recommend that all findings from this report be investigated and procedures should be implemented to correct these findings.

Current Status:

This finding has been partially resolved. See 2006 Observation #8.

9. *Interfund Receivables, Payables, and Transfers*

Observation:

Interfund receivables, payables, and transfers did not balance between funds as of December 31, 2005. We were unable to obtain audit evidence of the activity of these transactions; therefore, we cannot determine the accuracy and appropriateness of these transactions in 2005. As a result, there is a risk that restricted funds may have been spent inappropriately.

Recommendation:

We recommend that interfund transactions be investigated for 2005 and 2006. Interfund receivable, payables, and transfers should be balanced between all funds.

Current Status:

This finding has not been resolved. See 2006 Observation #9.

10. *Other General Internal Control Issues*

Observation:

During our audit, we also noted the following additional control issues:

- The Parish should reevaluate the recordkeeping for Parish vehicles. When testing new vehicles purchased during 2005, we were unable to locate certain vehicles and the person responsible for the vehicle.
- The Parish should reevaluate overtime policies and procedures and essential personnel policies during emergencies.
- The Parish should ensure adjusting journal entries prepared by the Accounting Department are reviewed and approved before posting.
- The Parish should ensure purchasing procedures are being followed. Requisition and purchase orders should be prepared, reviewed, approved before payments are issued. It appears that in some cases, proper procedures were not followed.

**ST. BERNARD PARISH GOVERNMENT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2006**

- Records appear to have been lost or discarded after Hurricane Katrina.

Recommendation

We recommend that the Parish implement internal controls to improve record keeping for fixed assets, purchasing procedures, overtime monitoring, and accounting procedures. Also, policies should be developed to prevent future loss of documents in the aftermath of catastrophic events in the future.

Current Status:

This finding has not been resolved. See 2006 Observation #10.

**ST. BERNARD PARISH GOVERNMENT
MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED DECEMBER 31, 2006**

Finding 06-01 - Federal Award Finding

Corrective Action: The Parish has hired an outside accounting firm to assess the accounting and reporting systems and to correct the accounting records. The Parish is also investigating the loss of documents and determining policies that need to be implemented to prevent loss of documents from catastrophic events such as hurricanes in the futures.

Implementation Date: The Parish hopes to have complete and accurate accounting records and policies and procedures in place related to loss of documents by December 31, 2007.

Contact: Ray Lightell, CPA, Interim Director of Finance (504) 278-4255

**ST. BERNARD PARISH GOVERNMENT
STATE OF LOUISIANA**

MEMORANDUM OF ADVISORY COMMENTS

For the Year Ended December 31, 2006

TABLE OF CONTENTS

AUDITOR'S REPORT	1
OBSERVATIONS, RECOMMENDATIONS, AND CORRECTIVE ACTION PLAN	
1. Bank Reconciliations	2
2. Basis of Accounting	2
3. Capital Assets	3
4. Federal Funds	4
5. Payroll	4
6. Reserves for Encumbrances	5
7. Comments from the Office of Inspector General Report	6
8. Comments from the Office of Homeland Security Report	7
9. Interfund Receivables, Payables, and Transfers.....	8
10. Other General Internal Control Issues.....	8

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AUDITOR'S REPORT

St. Bernard Parish Council
Chalmette, Louisiana

We have audited the basic financial statements of the St. Bernard Parish Government for the year ended December 31, 2006 and have issued our report thereon dated October 29, 2007. As part of our audit, we considered the Parish's internal control over financial reporting in order to determine the nature, timing and extent of our auditing procedures for the purpose of expressing an opinion on the basic financial statements and not to provide assurance on the internal control.

The basic accounting and reporting systems for revenues, receivables, disbursements, accounts payable, accrued liabilities, debt, payroll, and fixed assets were not effective during the year ended December 31, 2006 which resulted in inadequate accounting records. Also, sufficient competent evidential matter was lost or destroyed due to the aftermath of Hurricane Katrina and was not available to document and support the account balances for receivables, payables, revenues, expenditures/expenses, and capital asset balances on the financial statements of the governmental activities, business-type activities, and each major fund of the Parish. As a result, we were unable to determine if the St. Bernard Parish Government's financial statements were fairly stated and could be relied upon.

However, our engagement did disclose material internal control weaknesses and material noncompliance with laws and regulations. The memorandum that accompanies this letter summarizes our comments and recommendations regarding these matters. We previously reported on the Parish's internal control in a separately issued report entitled *Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards* dated October 29, 2007. We did not express an opinion in this report due the reasons described in the second paragraph.

We will review the status of our findings and recommendations during our next audit engagement. We have already discussed our recommendations with the Administration and have included their corrective action plan. We will be pleased to discuss these recommendations with you in further detail at your convenience, perform any additional study of these matters, or assist you in implementing our recommendations.

Rebowe & Company

October 29, 2007

**ST. BERNARD PARISH GOVERNMENT
OBSERVATIONS, RECOMMENDATIONS, AND
CORRECTIVE ACTION PLAN
December 31, 2006**

1. Bank Reconciliations

Observation:

Bank statements in some instances were accumulated for several months before they were reconciled to the appropriate general ledger account for the year ended December 31, 2006.

Recommendation:

We recommend that all bank accounts be reconciled prior to preparation of monthly financial statements and within thirty (30) days of month end. Consideration should be given to hiring a CPA as Interim Director of Finance and increasing the staff in the Finance Department.

Corrective Action Plan:

The bank reconciliations were not being processed in a timely manner in 2006 due primarily to delays in the receipt of mail as a result of Hurricane Katrina and a reduced staff in the Finance Department. We have recently hired a CPA as our Interim Director of Finance. Bank reconciliations are now being prepared in a timely manner. The contact person is Ray Lightell, CPA, Interim Director of Finance, (504) 278-4255.

2. Basis of Accounting

Observation:

For the year ended December 31, 2006, the Parish did not prepare its financial statements on the appropriate basis of accounting as required by governmental accounting principles. It appears that the financial statements were prepared on the basis of cash receipts and disbursements, whereby certain revenues and the related assets are recognized when received, and expenses are recognized when paid. Receivables, prepaid expenses, inventories, allowances, payables, deferred and accrued liabilities, and reserves were not recorded or adjusted in most cases during the year. In many instances, the Parish's financial statements at December 31, 2006 reflected the same account balances as for the year ended December 31, 2005. In other words, these balances had not been adjusted for the entire year. Beginning fund balances for many funds did not agree to the 2005 audited fund balances. Records for 2006 were generally incomplete and inaccurate for most accounts. Monthly financial statements provided to the Administration and the Parish Council were inaccurate and incomplete based on our analysis.

**ST. BERNARD PARISH GOVERNMENT
OBSERVATIONS, RECOMMENDATIONS, AND
CORRECTIVE ACTION PLAN (CONTINUED)
December 31, 2006**

Recommendation:

We recommend that the Parish maintain its accounting records on the basis of accounting required by governmental accounting principles. Governmental fund financial statements should be maintained on the modified accrual basis of accounting. Business-type fund financial statements should be maintained on the accrual basis of accounting.

Corrective Action Plan:

The Finance Department is currently producing financial statements on the appropriate basis of accounting as required by governmental accounting principles. Fund balances for 2005 have been adjusted to agree to the 2005 audited fund balances and monthly financial statements are being provided to the Parish Council. The Finance Department is also storing all financial data electronically to prevent loss of records in the future. The contact person is Ray Lightell, CPA, Interim Director of Finance, (504) 278-4255.

3. *Capital Assets*

Observation:

Fixed asset records were not maintained properly during the year. After Hurricane Katrina, the capital assets records were not adjusted to reflect losses and damages from Katrina. Also, additions to capital assets were not properly recorded during 2005 and 2006 in many instances. Depreciation expense could not be determined for the year ended December 31, 2006 as the current accounting personnel are not familiar with the capital asset computer program. Infrastructure assets (road, bridges, buildings, etc.) have not been reassessed for damages and revalued due to the damages from Hurricane Katrina.

Recommendation:

We recommend that the Parish begin the process of inventorying fixed assets as most of the Parish's fixed assets were either destroyed or damaged by Hurricane Katrina. Capital assets inventories for furniture, equipment, vehicles, should be performed by all departments and fixed asset records should be updated based on those inventories. Infrastructure asset records for buildings, roads, etc. need to be updated and the values of the infrastructure assets should be revised due to damages from Hurricane Katrina. Consideration should be given to contracting an asset valuation company to perform this assessment and revaluation.

Corrective Action Plan:

The Parish Administration is exploring options for contracting a company to revalue all capital assets including infrastructure assets. Inventories have been performed by all

**ST. BERNARD PARISH GOVERNMENT
OBSERVATIONS, RECOMMENDATIONS, AND
CORRECTIVE ACTION PLAN (CONTINUED)
December 31, 2006**

departments and the records are being updated currently. The contact person is Ray Lightell, CPA, Interim Director of Finance, (504) 278-4255.

4. Federal Funds

Observation:

Records were not available relating to most of the federal funds received by the Parish. Expenditures of federal awards could not be determined in many cases and some of the records appear to have been misplaced or lost after Hurricane Katrina. Also, FEMA federal funds were not recorded in accordance with governmental accounting principles in the general ledger and expenditures could not be determined for the year ended December 31, 2006. OMB Circular A-133 *Compliance Supplement* has compliance requirements that are applicable to each of the federal award programs. As the records were not available for the expenditures of federal awards for the year ended December 31, 2006, we could not determine if the Parish was in compliance with the requirements of OMB Circular A-133 *Compliance Supplement*.

Recommendation:

We recommend that the Parish improve its internal controls over federal award programs. The Parish should consider implementing a grant management accounting system to ensure compliance with federal funds requirements.

Corrective Action Plan:

The Parish Administration has hired a CPA as its Finance Director and has formed a separate department to handle the accounting and record keeping for the FEMA federal funds. All other departments that have federal expenditures have been notified that records must be maintained for their federal funds. The contact person is Ray Lightell, CPA, Interim Director of Finance, (504) 278-4255.

5. Payroll

Observation:

During our testing of the payroll records of the Parish for the year ended December 31, 2006, we noted the following exceptions:

- We observed several instances in which the number of hours worked per employee timesheets did not agree to the number of hours worked per the payroll sub-ledger.
- We noted several instances in which the department Supervisor's timesheets were not being reviewed and approved.

**ST. BERNARD PARISH GOVERNMENT
OBSERVATIONS, RECOMMENDATIONS, AND
CORRECTIVE ACTION PLAN (CONTINUED)
December 31, 2006**

- We noted that the payroll policy from the first payroll in September 2005 until the payroll ended April 14, 2006 was that firefighters are paid 80 hours straight time and 64 hours overtime for each two week period regardless of the number of hours they worked. Therefore, when we selected individual timesheets, we noted several instances where hours worked per employee timesheets did not agree to hours paid per the payroll sub-ledger.
- We noted several instances where the approved pay rate per the human resource personnel file did not agree to the pay rate per the payroll sub-ledger.
- We noted several instances where the only supporting record in the human resource personnel file for temporary workers was an excel spreadsheet.
- We noted several instances where no time sheets were available to document hours worked.

Recommendation:

We recommend that internal controls over payroll be strengthened and that payroll controls be included in any disaster recovery plans of the Parish.

Corrective Action Plan:

The Parish has reviewed its internal controls over payroll. Procedures have been implemented to avoid these problems in the future. The Parish has reviewed the way it hires temporary employees and will develop and follow a more structured payroll policy in the future. Also, an employee has been designated to oversee payroll in emergency situations in the future. The contact person is Ray Lightell, CPA, Interim Director of Finance, (504) 278-4255.

6. *Reserves for Encumbrances*

Observation:

Reserves for encumbrances have not been adjusted due to a problem with the accounting software.

Recommendation:

Assistance should be requested from the supplier of the computer software.

**ST. BERNARD PARISH GOVERNMENT
OBSERVATIONS, RECOMMENDATIONS, AND
CORRECTIVE ACTION PLAN (CONTINUED)
December 31, 2006**

Corrective Action Plan:

The Parish has requested assistance for a computer specialist who was unable to correct the problem and has taken a backup copy and given it to technical support to determine and correct the problem. The contact person is Ray Lightell, CPA, Interim Director of Finance, (504) 278-4255.

7. *Comments from the Office of Inspector General Report*

Observation:

The following reportable conditions relating to non-compliance with Federal requirements, claims for ineligible or unreasonable costs, and other opportunities for improved controls were obtained from a report prepared by the Office of Inspector General (OIG) that is dated November 30, 2006:

- St. Bernard Parish awarded a non-competitive contract for debris removal monitoring activities without performing a cost or price analysis of the contract.
- The State reimbursed St. Bernard Parish for ineligible cuts of hanging branches from trees. A FEMA review reported that nearly 50% of the cuts claimed between December 6, 2005 and February 6, 2006 resulted in questioned costs of \$209,115 reimbursed under project worksheet numbers 2050 and 3078.
- In February 2006, FEMA officials, located in St. Bernard Parish, performed a review of hanger cuts claimed during the period December 6, 2005 through February 6, 2006 and noted 1,677 discrepancies in the number of cuts claimed.
- Costs claimed by the Parish's monitoring contractor were excessive for certain activities related to the monitoring of debris removal. The rates per hour charged by the monitoring contractor officials were not reasonable for the monitoring of work performed. In addition, some of the direct costs claimed appeared to be for general management activities. The review identified unreasonable or duplicative claims in the amount of \$84,600.
- Improvements were needed to the process for handling load tickets for debris removal. The load tickets management process contained an internal control weakness that could allow bogus tickets to be processed without being detected. As a result, inflated invoices could be approved and the contractor could get paid for debris that was not removed from the Parish.
- Visual inspections of individual trucks did not result in accurate judgments of the cubic yards of debris hauled to the temporary landfills.

Recommendation:

We recommend that all findings from this report be investigated and procedures should be implemented to correct these findings.

**ST. BERNARD PARISH GOVERNMENT
OBSERVATIONS, RECOMMENDATIONS, AND
CORRECTIVE ACTION PLAN (CONTINUED)
December 31, 2006**

Corrective Action Plan:

All findings have been investigated by the Parish. Findings that had opportunities for improved controls have been implemented since April 2006. The contact person is Ray Lightell, CPA, Interim Director of Finance, (504) 278-4255.

8. *Comments from the Office of Homeland Security Report*

Observation:

The following reportable conditions relating to improper allocation of costs and ineligibility of costs, noncompliance with federal contracting procedures, and accountability for capital asset purchases were obtained from a report prepared by the Office of Homeland Security that is dated September 28, 2006:

- The Parish's accounting system did not meet federal requirements to maintain records for each approved project and that only eligible costs are charged to the project. Title 44, Code of Federal Regulations, 206.205, requires a project-by-project accounting for eligible costs. If not corrected, this method may result in substantial errors in the Parish's final claim for reimbursement.
- The Parish only established one disaster fund account (Number 500) and charged expenditures for different project worksheets to that same account. Further the Parish did not identify the project worksheet number or project description for items charged to that account.
- The Parish incorrectly certified as eligible the following costs to justify their expedited funding for project worksheet number 8:
 - a. Vehicle replacement costs of \$1,584,477.
 - b. Direct administrative expenses of more than \$130,000 as part of temporary payroll expenses and \$247,000 as part of their permanent payroll. These costs are not eligible because administrative costs are covered by a statutory administrative allowance under 44 CFR 206.228 (a) (2) (ii).
 - c. Sales taxes of \$249,636 on trailer and mobile home purchases. The State of Louisiana Revised Statutes 47:301(8) provides a sales tax exemption to Parish governments. Therefore, the Parish is not entitled to claim these charges for FEMA reimbursement.
 - d. Payment of \$426,920 for 26 trailers that were not delivered to the Parish Government. Although a refund was received by the Parish from the contractor, the Parish had not made an adjustment in accounting of costs for project worksheet number 8.
- The Parish did not award or administer its large disaster procurements according to federal requirements of 44 CFR 13.36. The Parish has reported costs paid under these

**ST. BERNARD PARISH GOVERNMENT
OBSERVATIONS, RECOMMENDATIONS, AND
CORRECTIVE ACTION PLAN (CONTINUED)
December 31, 2006**

contracts as of January 2006 as support for the expedited funding received under project worksheet number 8. Four procurements were selected for review and the following deficiencies included:

- a. No written contract or similar document prior to delivery of service.
 - b. No cost or price analysis.
 - c. Vague or undefined scope of work and no period of performance.
 - d. Ineligible contracting methodology.
 - e. Indefinite pricing.
 - f. No monitoring of contractor performance.
- The Parish did not maintain complete accountability for trailers and mobile homes purchased and included as support for expedited funding received for project worksheet number 8. The Parish's inventory list contained only 591 trailers and mobile homes, whereas payment was made to two contractors for 735 units during the audit period. This leaves 144 units unaccounted for at an estimated cost of more than \$2,490,000.

Recommendation:

We recommend that all findings from this report be investigated and procedures should be implemented to correct these findings.

Corrective Action Plan:

All findings have been investigated by the Parish. Procedures have been implemented to prevent these findings in the future and to ensure that the Parish is in compliance with federal and state laws and regulations. The contact person is Ray Lightell, CPA, Interim Director of Finance, (504) 278-4255.

9. *Interfund Receivables, Payables, and Transfers*

Observation:

Interfund receivables, payables, and transfers did not balance between funds as of December 31, 2006. We were unable to obtain audit evidence of the activity of these transactions; therefore, we cannot determine the accuracy and appropriateness of these transactions in 2006. As a result, there is a risk that restricted funds may have been spent inappropriately.

Recommendation:

We recommend that interfund transactions be investigated for 2006. Interfund receivable, payables, and transfers should be balanced between all funds.

**ST. BERNARD PARISH GOVERNMENT
OBSERVATIONS, RECOMMENDATIONS, AND
CORRECTIVE ACTION PLAN (CONTINUED)
December 31, 2006**

Corrective Action Plan:

We have recently hired a CPA as our Interim Director of Finance. The contact person is Ray Lightell, CPA, Interim Director of Finance, (504) 278-4255.

10. Other General Internal Control Issues

Observation:

During our audit, we also noted the following additional control issues:

- The Parish should reevaluate the recordkeeping for Parish vehicles. When testing new vehicles purchased during 2005 and 2006, we were unable to locate certain vehicles and the person responsible for the vehicle.
- The Parish should reevaluate overtime policies and procedures and essential personnel policies during emergencies.
- The Parish should ensure adjusting journal entries prepared by the Accounting Department are reviewed and approved before posting.
- The Parish should ensure purchasing procedures are being followed. Requisition and purchase orders should be prepared, reviewed, approved before payments are issued. It appears that in some cases, proper procedures were not followed.
- Records appear to have been lost or discarded after Hurricane Katrina.

Recommendation

We recommend that the Parish implement internal controls to improve record keeping for fixed assets, purchasing procedures, overtime monitoring, and accounting procedures. Also, policies should be developed to prevent future loss of documents in the aftermath of catastrophic events in the future.

Corrective Action Plan:

The Administration of the Parish is currently evaluating controls over all areas of Parish Government and ensuring that proper procedures are followed in all departments. The Administration is transitioning all Parish departments to become paperless and to operate in a digital record keeping format. These efforts will ensure that problems that arose in the aftermath of Hurricane Katrina will not reoccur. The contact person is Ray Lightell, CPA, Interim Director of Finance, (504) 278-4255.